

# **CITY OF CEDAR FALLS, IOWA**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2016**

Prepared by:  
Financial Services  
Of  
Finance & Business Operations

Jennifer Rodenbeck, CPA, CPFO  
Director of Finance & Business Operations

**City of Cedar Falls, Iowa**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2016**

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**DEPARTMENT OF FINANCE AND BUSINESS OPERATIONS**

**CITY OF CEDAR FALLS, IOWA**

220 CLAY STREET

CEDAR FALLS, IOWA 50613

PHONE 319-273-8600

FAX 319-268-5126

[www.cedarfalls.com](http://www.cedarfalls.com)

November 7, 2016

To the Honorable Mayor, Members of the City Council and Citizens of the City of Cedar Falls:

The City of Cedar Falls, Iowa (City) is required by the Code of Iowa to publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles. Pursuant to these requirements, I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Cedar Falls, Iowa, for the year ended June 30, 2016. This is the second CAFR completed in compliance with the Government Standards Board (GASB) Statements No. 68 and No. 71.

Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Eide Bailly, LLP, a firm of independent public accountants has issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2016. Their opinion is included in the Financial Section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

The City is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information to comply with the Uniform Guidance, "Audits of States, Local Governments, and Nonprofit Organizations," and "Government Auditing Standards" is included in another report under a separate cover.



## **PROFILE OF THE CITY OF CEDAR FALLS**

The City, incorporated in 1854, is located in the northeastern part of the state, has a land area of 28.9 square miles and a population of 39,260. The City is empowered to levy a property tax on both real and personal property located within its boundaries, and has the power by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City operates under a mayor-council form of government with an appointed city administrator. Policy-making and legislative authority are vested in the governing council, which consists of seven members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, setting goals, and approving mayor-appointed committees. The full-time mayor is responsible for supervising the City Administrator. The City Administrator is appointed by the Council and serves as the chief administrative officer. The mayor and council members are elected on a nonpartisan basis. The Council consists of two council members elected at large and one council member elected from each of the five wards as established by ordinance, elected for terms of four years. The mayor is elected at large and to a two-year term.

The City of Cedar Falls provides many municipal services including fire and police protection, streets, garbage collection, parks, recreation, cultural arts, planning, zoning, general administration, and sewer and storm water services. For financial reporting purposes, all funds, agencies, boards, commissions, trusts and authorities involved in the provision of these services are included if the City is financially accountable. Financial accountability is determined by several different factors, including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits and separate legal entity status. After careful evaluation of these factors, the City has included in this financial report the Cedar Falls Electric Utility, Gas Utility, Water Utility, and Communications Utility, as well as all funds of the City. The Utilities are each reported as discretely presented component units.

The City Council is required by Chapter 384 of the Code of Iowa to adopt an annual budget on or before March 15 of each year. The annual budget serves as the foundation for the City's financial planning and control and is prepared by function. The adopted budget provides appropriations (authority to spend) for program operations for the fiscal year that begins on July 1 and ends on June 30 of the following year. Budget amendments must be prepared and adopted in the same manner as the original budget.

## **ECONOMIC CONDITION AND OUTLOOK**

The economic condition and outlook of Cedar Falls continues to be strong. The Cedar Falls economy was insulated from many of the impacts created by the recent recession due to the growth and stability of the University of Northern Iowa and a diverse service business sector.

The Greater Cedar Valley Alliance was formed in the metro area to organize the human resources and generate needed development capital to attract new business and industry to the area and to encourage expansion of businesses already in the area. As a result, many new businesses have located offices and plants in the metro area. Target Corporation constructed a distribution center with an assessed value of approximately \$45 million in FY02 and in FY08 completed a second refrigeration center. The Cedar Falls Industrial and Technology Park continues to show tremendous expansion.

Since the devaluation of property in 1986-1988, Cedar Falls has had steady growth in property values. Assessed values increased in FY17 by \$128 million. Even with the implementation of the commercial rollback by the State of Iowa, taxable values still increased by approximately \$60 million. (See Attachment A)

The City of Cedar Falls maintains a comparatively low tax rate. Cedar Falls has the sixth lowest tax rate per capita of the twenty largest cities in the state of Iowa for FY16 (See Attachment B). This low rate can be attributed to the efforts of the City to streamline operations over the past twenty years. This has been accomplished by maintaining the approximate same number of employees, even when demand for service has increased. Cedar Falls had one of the lowest numbers of full-time employees per 1,000 residents in FY15. (See Attachment C).

Over the past ten years Cedar Falls' residential housing sales prices have significantly increased. In 2005, the average sales price reported was \$181,310. In 2015, the average sales price was \$225,048, which is a twenty-four (24) percent increase in the past ten years (See Attachment D). These statistics indicate that Cedar Falls' local economy is sound and there is a strong market for Cedar Falls homes.

Housing values have surged from the recession and devaluation of the mid-1980's to values that once again place the homeowners living in Cedar Falls in an advantageous market position. This market growth is a credit to businesses, the school system, utilities, and quality of City services in Cedar Falls. Each entity has worked together to strengthen the local economy, create jobs, and improve Cedar Falls' quality of life.

## **RECORD YEAR**

Another sign that the economic outlook for Cedar Falls is strong is the fact that in FY16, the City had the highest year on record for building permits (See Attachment E). Building permit values for FY16 were \$151 million. The next highest year prior to that was in FY12, with just under \$124 million for that year. In FY16, 1,300 permits were issued and it was a combination of residential and commercial growth. Commercial growth project valuations amounted to \$98 million, residential growth projects amounted to \$50 million, and the remaining \$3 million in valuation was from institutional growth. These building permit values generated \$1.5 million of revenue to the General Fund in FY16 through building permits and plumbing, mechanical, electrical, and refrigeration inspection fees.

## **LONG-TERM FINANCIAL PLANNING**

The City Council and administration routinely consider the long-term view regarding financial matters. Operating budget decisions are based on the long-term impact of appropriations and funding. A three-year budget financial plan is prepared each year for all funds of the city. The city has a detailed Capital Improvements Plan (CIP) that considers the impact of the investment in infrastructure, the associated debt burden, and any changes in operating costs associated with maintaining new assets.

In addition to the financial plan and CIP, the City Council each year has a goal setting session where they identify goals for the upcoming fiscal year and discuss strategy in dealing with any upcoming financial

challenges. Each department prior to the goal setting session prepares a document outlining their accomplishments during the past year and the goals for their department in the upcoming year.

## **RELEVANT FINANCIAL POLICIES**

The City Council through their annual goals and financial plan document has adopted a comprehensive set of budget and fiscal policies relating to financial management.

*Budget* – Adopt a balanced budget, which is reflective of the community's economic climate and needs. Maintain a stable property tax rate, depositing annually funds in excess of operations expenses in a capital reserve account for one-time expenses as approved by the City Council. Evaluate each newly proposed service to determine cost, relative importance and value of each service. Study methods of saving energy.

*Cash Reserves* – The City will maintain an unreserved balance at year-end at a level determined to meet cash flow requirements, emergency needs, and bond rating criteria. The minimum criteria shall be:

- General Fund – The City Council has established that the General Fund balance be maintained between 15% and 25% and preferably at the 20-25% level.
- Refuse Fund – 20-30%, but no less than \$500,000.
- Sewer Fund – 65-75%, but no less than \$1,500,000.
- Street Fund – 20-30%, but no less than \$1,000,000.
- Storm Water Fund – 10-20%, but no less than \$200,000.

*Economic Development* – The City will take active measures to encourage economic development of the community with the intent of increasing jobs and the tax base.

*Debt Administration* – Long-term debt will fund the design, inspection, and construction of capital improvement projects and will not be used for annual operating expenses. The total general obligation debt will not exceed 5% of the total assessed value of real property as required under the Code of Iowa. The issuance of new debt shall not exceed a replacement debt level. Whenever possible, existing debt should be refinanced to secure the lowest possible interest costs.

*Capital Improvement Budget Policies* – The City will make all capital improvements in accordance with an adopted capital improvements program and will develop a multi-year plan for capital improvements on an annual basis. The development of the capital improvements program is coordinated with the annual budget process and will determine the least costly financing method for all new projects. The City will maintain all assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs. A maintenance and replacement schedule for equipment will be developed and followed.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cedar Falls for its comprehensive annual financial report (CAFR) for the year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

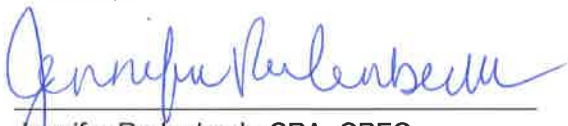
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Cedar Falls has received a Certificate of Achievement for the last twenty-six consecutive years (fiscal years ended 1990-2015). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

## **ACKNOWLEDGMENTS**

The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the Financial Services Division, particularly Lisa Roeding, Controller/City Treasurer and Cathy Niebergall, Financial Technician. Each member of the division has my sincere appreciation for the contributions made in the preparation of this report. I would also like to thank the members of the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and prudent manner.

Sincerely,

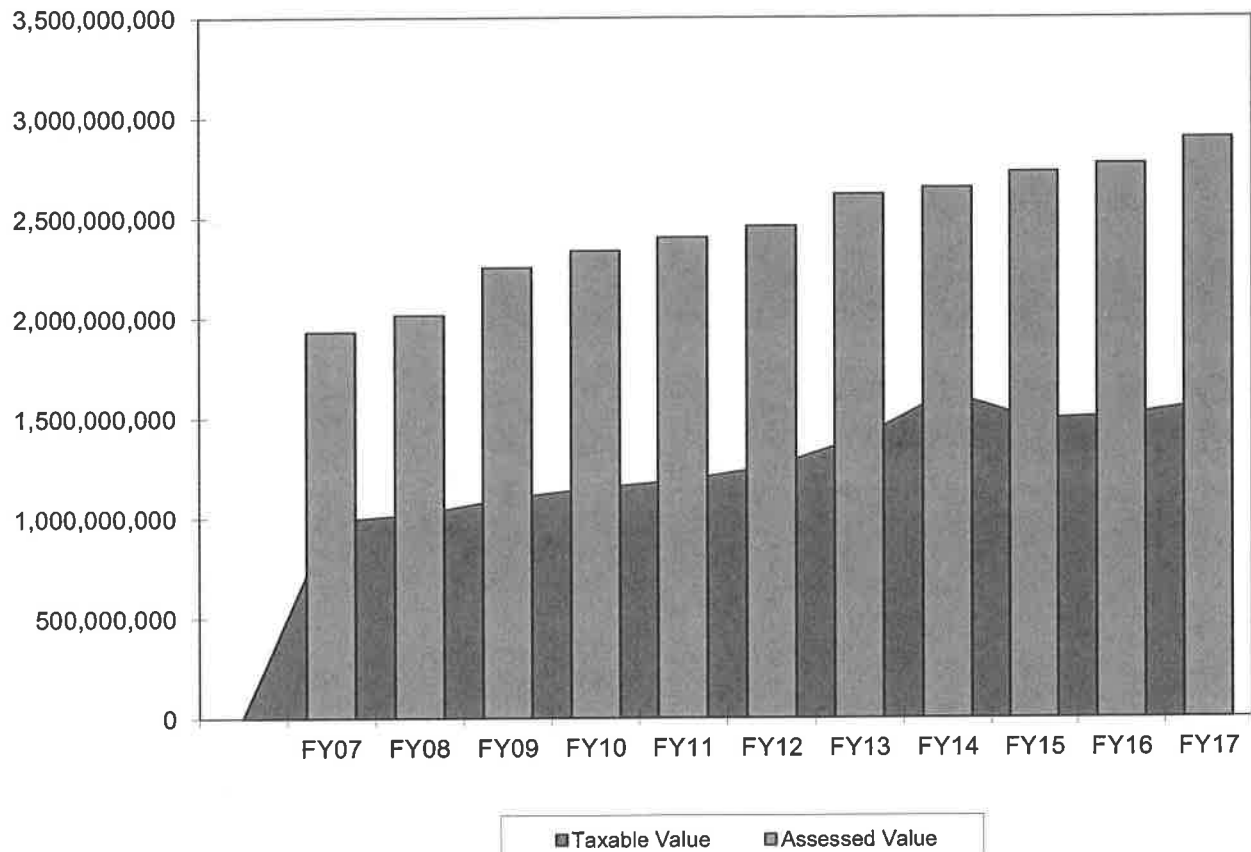


Jennifer Rodenbeck, CPA, CPFO  
Director of Finance and Business Operations

# ATTACHMENT A

taxvalue17

## Taxable Valuations FY07-FY17 City of Cedar Falls



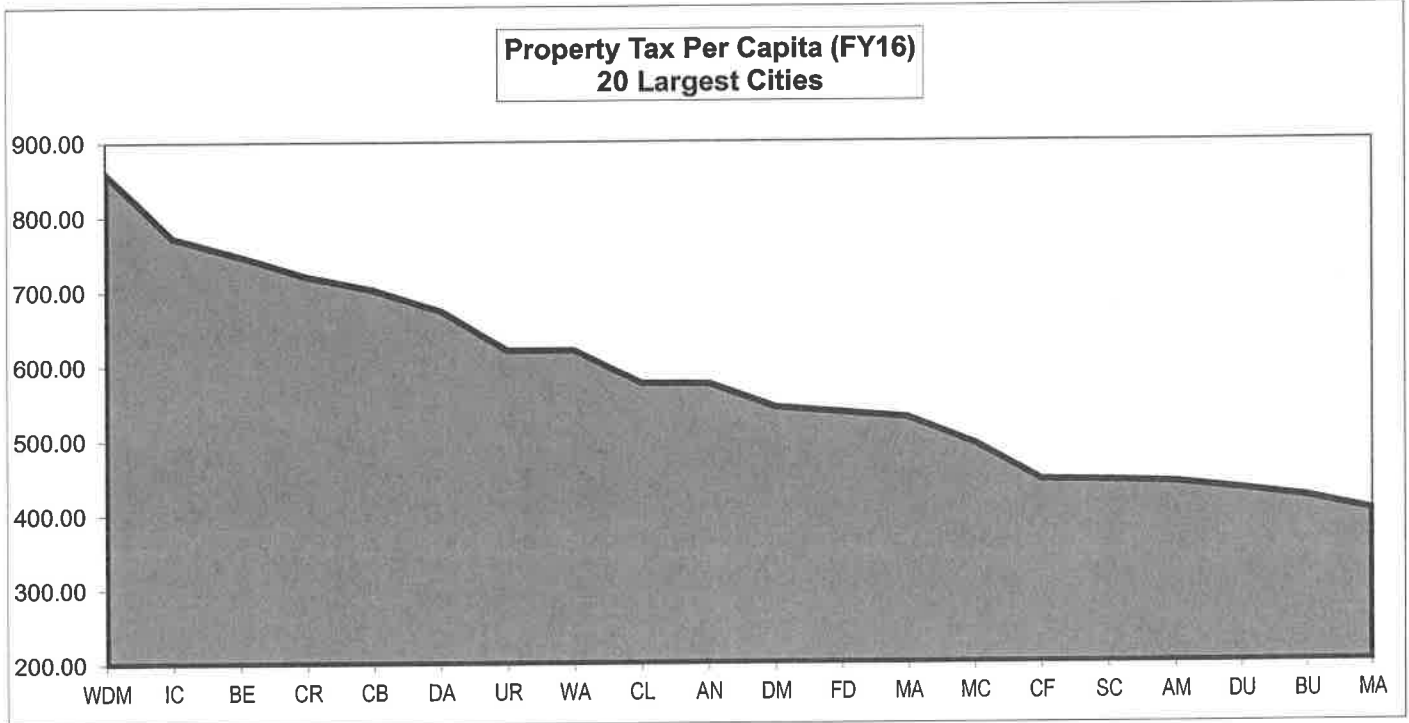
Year	Taxable Value	Assessed Value
FY07	985,250,869	1,931,758,484
FY08	1,018,530,684	2,013,812,356
FY09	1,098,295,277	2,252,421,925
FY10	1,150,078,051	2,336,646,915
FY11	1,185,969,161	2,402,107,961
FY12	1,254,821,347	2,458,320,459
FY13	1,393,511,204	2,618,319,843
FY14	1,622,862,335	2,650,433,900
FY15	1,490,616,188	2,729,240,639
FY16	1,509,722,828	2,769,405,368
FY17	1,569,292,287	2,897,854,208

The last ten years have provided a steady growth trend in assessed valuations. In addition, FY08 was the first year that assessed values exceeded \$2 billion and taxable values exceeded \$1 billion.

For FY17, assessed values increased by \$128,448,840. Taxable values increased by \$59,569,459.

# ATTACHMENT B

Citytaxr



**Property Tax Per Capita (FY16)  
20 Largest Iowa Cities**

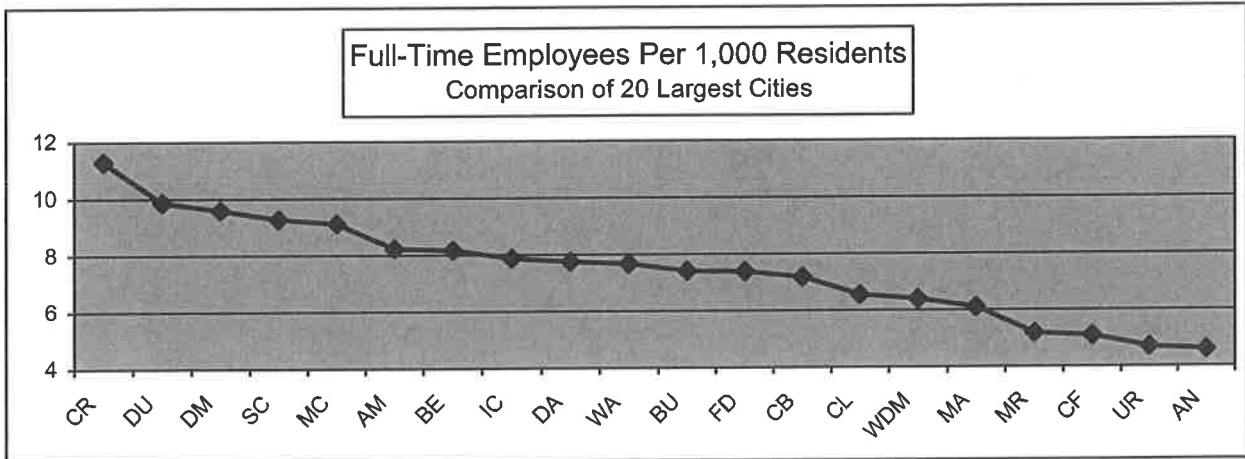
City	FY16 Tax Per Person	2010 Population	Abbre- viation
West Des Moines	859.08	56,609	WDM
Iowa City	772.34	67,862	IC
Bettendorf	747.16	33,217	BE
Cedar Rapids	720.16	126,326	CR
Council Bluffs	702.11	62,230	CB
Davenport	673.92	99,685	DA
Urbandale	620.58	39,463	UR
Ankeny	620.26	45,582	WA
Waterloo	576.17	68,406	CL
Ankeny	575.29	26,885	AN
Des Moines	543.23	203,433	DM
Marion	536.36	34,768	FD
Fort Dodge	528.78	25,206	MA
Mason City	493.99	28,079	MC
<b>Cedar Falls</b>	<b>444.84</b>	<b>39,260</b>	<b>CF</b>
Sioux City	443.17	82,684	SC
Ames	440.74	58,965	AM
Dubuque	431.49	57,637	DU
Burlington	420.60	25,663	BU
Marshalltown	402.10	27,552	MA
Average	577.62		

For over two decades Cedar Falls' local government has operated at one of the lowest per capita property tax rates among the 20 largest cities in Iowa.

At a cost of \$444.84 per person, the City is substantially below the average rate of \$577.62. This rate can be attributed to the City's concerted efforts to streamline operations over the past 20 years.

If the City of Cedar Falls operated at the state average property tax per capita, an additional 5.2 million dollars would be devoted to operations. This would be an increase of 30% of taxes levied in FY16.

## ATTACHMENT C



City	FY15 Employees	2010 Population	Employees Per 1,000
Cedar Rapids	1423.0	126,326	11.30
Dubuque	569.0	57,637	9.87
Des Moines	1950.0	203,433	9.59
Sioux City	767.0	82,684	9.28
Mason City	258.0	28,079	9.12
Ames	485.0	58,965	8.23
Bettendorf	271.0	33,217	8.16
Iowa City	534.0	67,862	7.87
Davenport	773.0	99,685	7.75
Waterloo	524.0	68,406	7.66
Burlington	190.0	25,663	7.40
Fort Dodge	186.0	25,206	7.38
Council Bluffs	447.0	62,230	7.18
Clinton	176.0	26,885	6.55
W. Des Moines	362.0	56,609	6.39
Marshalltown	168.0	27,552	6.10
Marion	180.0	34,768	5.18
<b>Cedar Falls</b>	<b>200.0</b>	<b>39,260</b>	<b>5.09</b>
Urbandale	185.0	39,463	4.69
Ankeny	209.0	45,582	4.59
Average:			7.47

Cedar Falls city government continued to have one of the lowest number of employees per 1,000 capita comparing the top 20 largest cities.

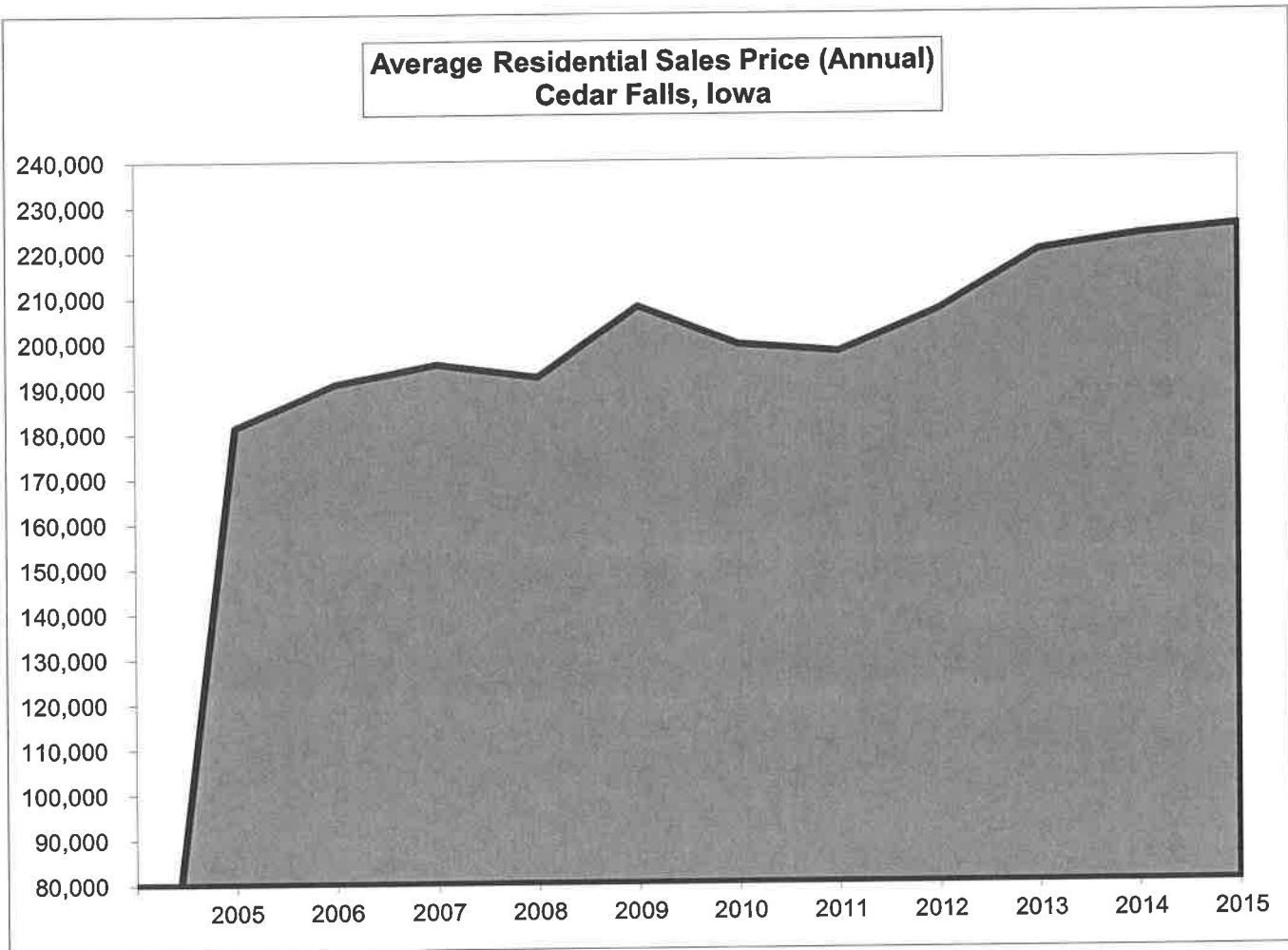
Cedar Falls has 2.38 employees per 1,000 capita less than the state average, which is equivalent to 93 fewer full-time employees.

Employment reductions have been implemented over the last 10 years, which has streamlined Cedar Falls' employment.

Among the top twenty largest cities in the State of Iowa, the City of Cedar Falls continues to have one of the lowest number of employees per capita. The pressures of new construction growth, road development, and societal values have placed greater demands on existing staff. In the near future, the City Council will need to prioritize services or focus on key services to address the over extension of City staff.

# ATTACHMENT D

Resale16

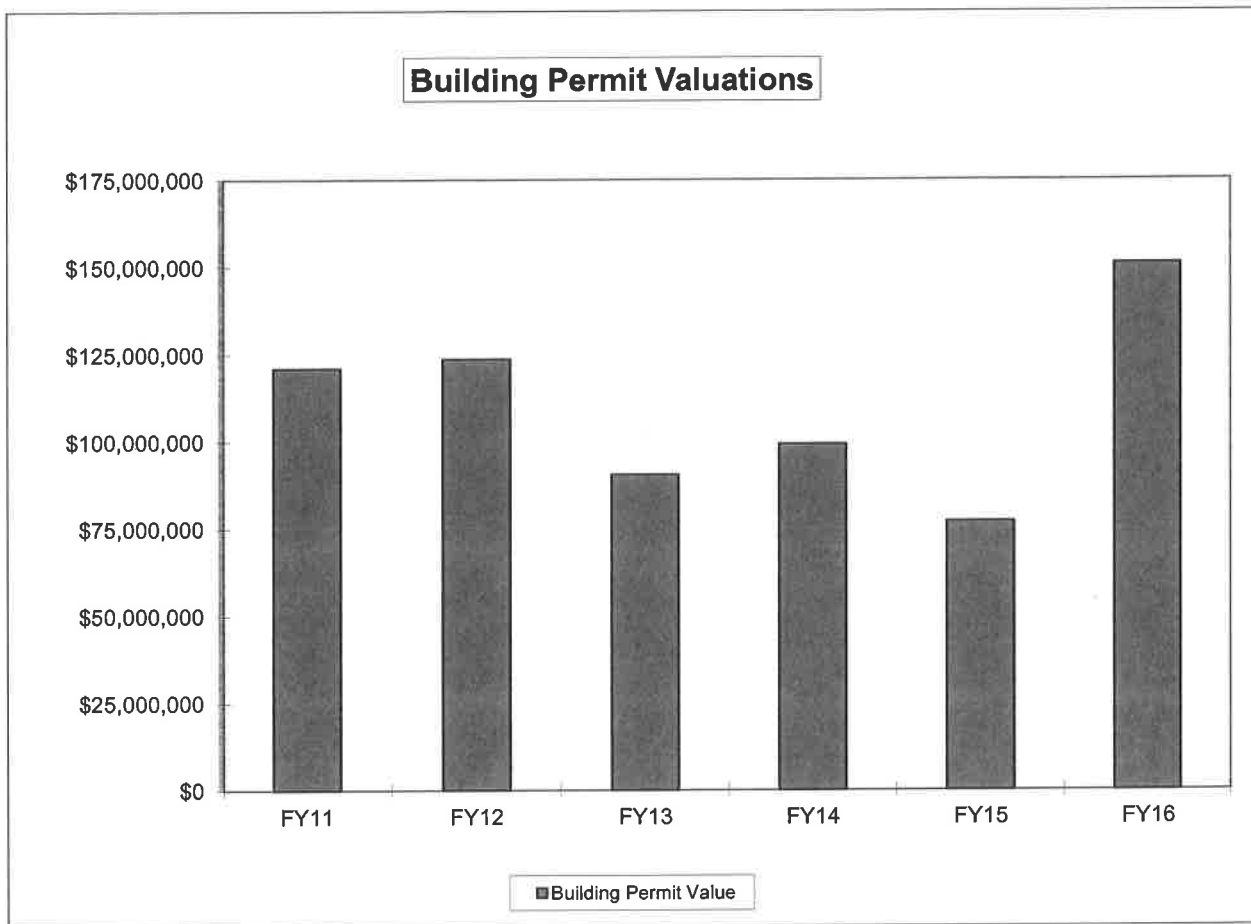


Year	Average Sales Price
2005	181,310
2006	190,828
2007	195,080
2008	192,154
2009	207,754
2010	199,318
2011	197,576
2012	206,773
2013	219,746
2014	223,093
2015	225,048
Average	203,516

The average sale price of residential properties in Cedar Falls has grown by 24% between 2005- 2015 from \$181,310 to \$225,048



## ATTACHMENT E



Year	Building Permit Value
FY11	121,112,268
FY12	123,741,522
FY13	90,502,815
FY14	99,342,651
FY15	77,077,151
FY16	151,028,207



Government Finance Officers Association

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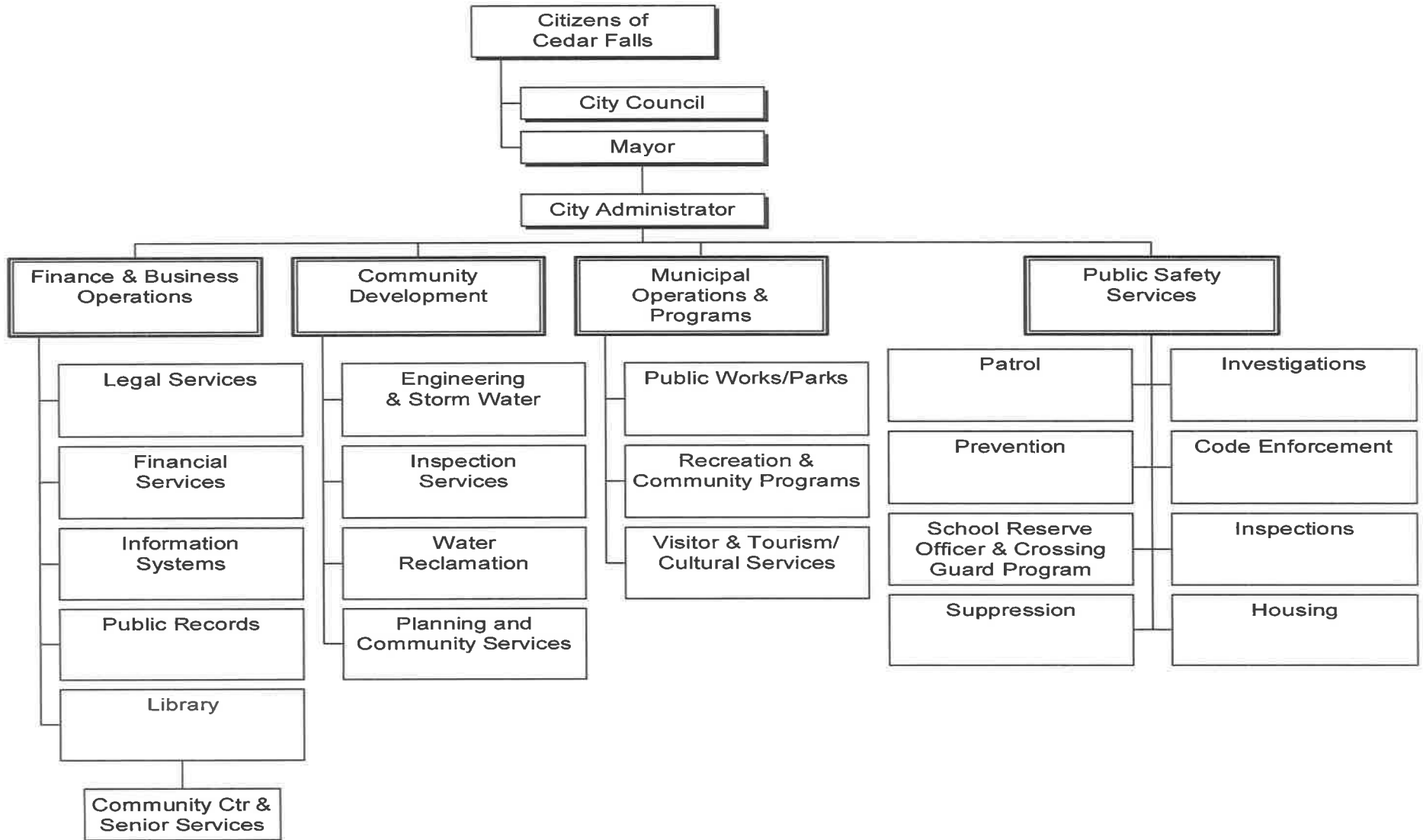
**City of Cedar Falls  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

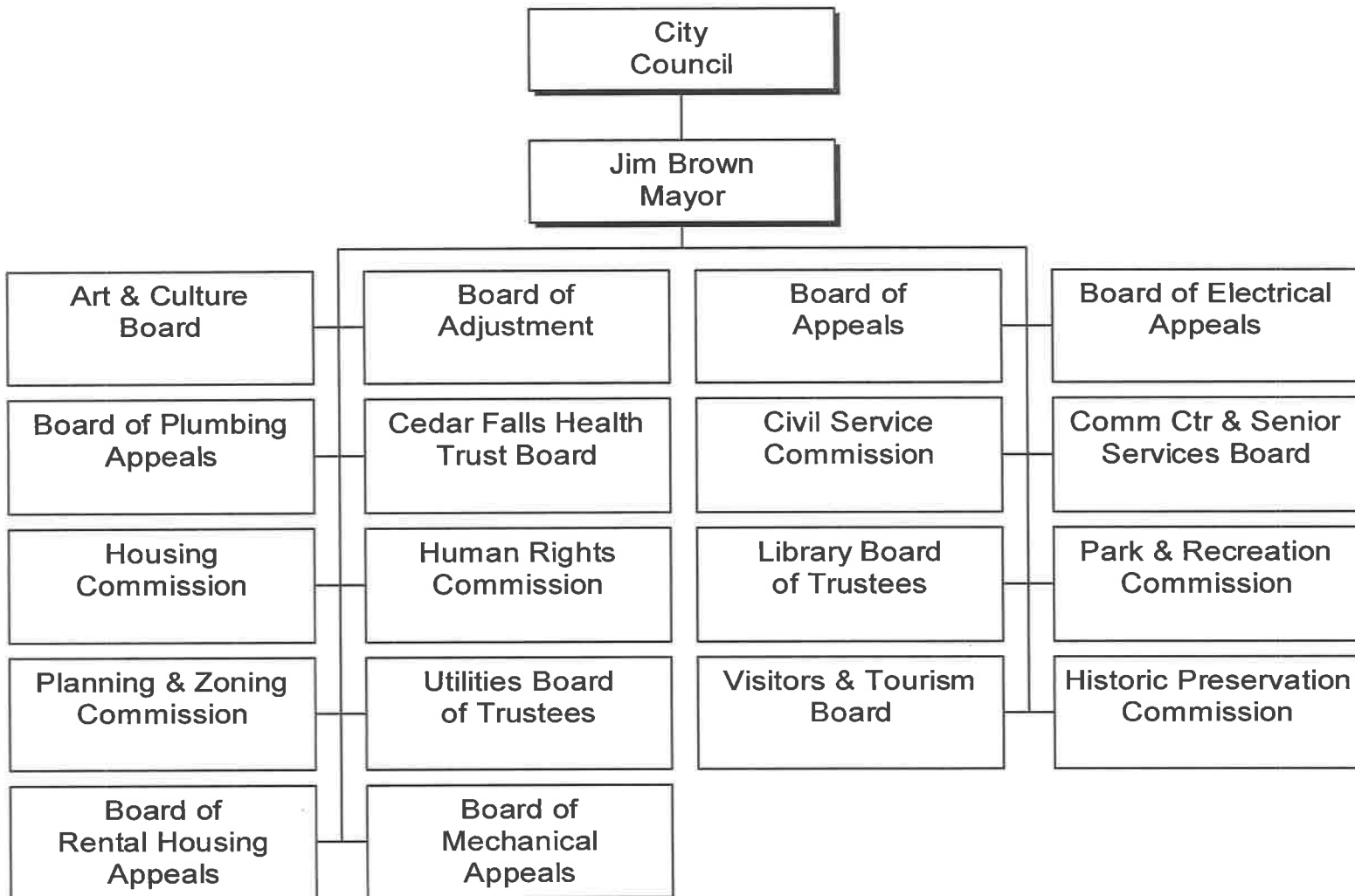
**June 30, 2015**

Executive Director/CEO

# City of Cedar Falls, Iowa Organizational Chart



## City of Cedar Falls, Iowa Boards and Commissions



## CITY OF CEDAR FALLS, IOWA

### PRINCIPAL OFFICIALS

June 30, 2016

Title	Name
Mayor	Jim Brown
Council Member – 1 <sup>st</sup> Ward	Mark Miller
Council Member – 2 <sup>nd</sup> Ward	Susan DeBuhr
Council Member – 3 <sup>rd</sup> Ward	John Runchey
Council Member – 4 <sup>th</sup> Ward	Tom Blanford
Council Member – 5 <sup>th</sup> Ward	Frank Darrah
Council Member – At Large	Nick Taiber
Council Member – At Large	Dave Wieland
City Administrator	Ron Gaines
Finance & Business Operations Director	Jennifer Rodenbeck
Community Development Director (Interim)	Stephanie Houk Sheetz
Municipal Operations & Programs Director	Mark Ripplinger
Public Safety Services Director/Police Chief	Jeff Olson
Asst Public Safety Services/Fire Chief (Interim)	John Bostwick
Asst Public Safety Services/Asst Police Chief	Craig Berte
City Attorney	Steve Moore
Controller/City Treasurer	Lisa Roeding
City Clerk	Jacque Danielsen
Information Systems Manager	Laurene Saathoff
City Engineer	Randall Lorenzen
Planning & Community Service Mngr (Interim)	Bob Seymour
Inspection Services Manager	Craig Witry
Recreation & Community Programs Manager	Bruce Verink
V&T/Cultural Programs Manager	Kimberly Manning
Cedar Falls Public Library Director	Sheryl McGovern
Public Works/Parks Manager	Brian Heath
Water Reclamation Manager	Mike Nyman
Cedar Falls Utilities General Manager	Jim Krieg



## **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the City Council  
City of Cedar Falls, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cedar Falls, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report, under separate cover, dated November 4, 2016, on our consideration of the City of Cedar Falls, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cedar Falls, Iowa's internal control over financial reporting and compliance.

Handwritten signature of Erik Sallie LLP in cursive script.

Dubuque, Iowa  
November 4, 2016



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Cedar Falls' financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter found on pages 1 – 10 of this report.

### **2016 FINANCIAL HIGHLIGHTS**

- Revenues of the City's governmental activities decreased 21.48%, or \$14,946,764, from fiscal year 2015 to fiscal year 2016, primarily due to the transfer of funds received for University Avenue in 2015. Property taxes decreased \$104,930 for all activities.
- Program expenses of the City's Governmental activities decreased .90%, or \$354,822 in fiscal year 2016 from fiscal year 2015. Public Works expenses decreased by \$518,276.
- The City's net position increased 5.15%, or \$17,192,770, from June 30, 2015 to June 30, 2016. Of this amount, the net position of the governmental activities increased by \$14,450,657 and the net position of the business-type activities increased by \$2,742,113.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the City as a whole and present an overall view of the City's finances.
- The Fund Financial Statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year, the City's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Other Supplementary Information provides detailed information about the nonmajor Special Revenue and Capital Projects Funds and the Internal Service Funds.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### **Government-wide Financial Statements**

One of the most important questions asked about the City's finances is, "Is the City of Cedar Falls in a better financial position at the end of the fiscal year, compared to last year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the

accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as "net position". Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. A person will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Statement of Net Position and the Statement of Activities report two kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the general administration, streets, fire, police, parks, recreation, library, and housing and block grant assistance. Property taxes, local option sales taxes, road use taxes, and federal and state grants finance most of these activities.
- **Business-type activities** – The City of Cedar Falls charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer, refuse, and storm water are reported in this section.

The Government-wide financial statements can be found on pages 30 - 33 of this report.

## **Fund Financial Statements**

The Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City has two kinds of funds:

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. We describe the relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The City maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Hospital Fund, TIF Fund, Street Repair Fund, Debt Service Fund, Street Improvement Fund, Capital Improvements Fund, and Bond Fund, all of which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located in the supplementary information section of this report.

The basic Governmental Fund Financial Statements can be found on pages 35 - 39 of this report.

- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, refuse and storm water activities.

Internal Service Funds are used to accumulate and allocate costs internally. The City uses internal service funds for its information systems, vehicle maintenance, and various risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund, Refuse Fund, and Storm Water Fund, all of which are considered major funds. Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements located in the supplementary information section of this report.

The basic Proprietary Fund Financial Statements can be found on pages 39 - 44 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the change in the net position for governmental and business-type activities.

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Current and						
other assets	\$ 145,648,039	\$ 143,119,256	\$ (2,511,844)	\$ (3,790,458)	\$ 143,136,195	\$ 139,328,798
Capital assets	180,810,603	170,239,635	87,904,374	87,564,164	268,714,977	257,803,799
Total assets	<u>\$ 326,458,642</u>	<u>\$ 313,358,891</u>	<u>\$ 85,392,530</u>	<u>\$ 83,773,706</u>	<u>\$ 411,851,172</u>	<u>\$ 397,132,597</u>
Deferred Outflows						
of Resources	<u>\$ 3,127,060</u>	<u>\$ 2,906,624</u>	<u>\$ 214,572</u>	<u>\$ 219,539</u>	<u>\$ 3,341,632</u>	<u>\$ 3,126,163</u>
Long-term liabilities	\$ 20,096,611	\$ 18,665,690	\$ 8,907,511	\$ 9,743,056	\$ 29,004,122	\$ 28,408,746
Other liabilities	<u>7,021,365</u>	<u>7,022,585</u>	<u>400,186</u>	<u>423,366</u>	<u>7,421,551</u>	<u>7,445,951</u>
Total liabilities	<u>\$ 27,117,976</u>	<u>\$ 25,688,275</u>	<u>\$ 9,307,697</u>	<u>\$ 10,166,422</u>	<u>\$ 36,425,673</u>	<u>\$ 35,854,697</u>
Deferred Inflows of Resources	<u>\$ 27,742,004</u>	<u>\$ 30,302,175</u>	<u>\$ 203,497</u>	<u>\$ 473,028</u>	<u>\$ 27,945,501</u>	<u>\$ 30,775,203</u>
Net position:						
Net investment						
in capital assets	\$ 177,078,562	\$ 165,448,958	\$ 80,717,535	\$ 79,444,948	\$ 257,796,097	\$ 244,893,906
Restricted	30,021,985	28,349,177	9,500	9,500	30,031,485	28,358,677
Unrestricted	<u>67,625,175</u>	<u>66,476,930</u>	<u>(4,631,127)</u>	<u>(6,100,653)</u>	<u>62,994,048</u>	<u>60,376,277</u>
Total net position	<u>\$ 274,725,722</u>	<u>\$ 260,275,065</u>	<u>\$ 76,095,908</u>	<u>\$ 73,353,795</u>	<u>\$ 350,821,630</u>	<u>\$ 333,628,860</u>

Net position of governmental activities increased from FY15 by approximately \$14.5 million, or 5.55%. This increase was due primarily to the new University Avenue asset being constructed. The increase is also due to the continued strength of the property tax base and the small amount of general obligation debt outstanding by the City. Net position of business-type activities increased from FY15 by approximately \$2.7 million or 3.74%. This increase was due to the new assets constructed or being constructed. These assets include the dry creek sanitary sewer project and the Park Drive liftstation. In addition, this was the tenth year that storm water fees were collected. The largest portion of the City's net position is the net investment in capital assets (e.g., land, infrastructure, buildings, and equipment). The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net position represent resources that are subject to external restrictions, bond covenants, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations are approximately \$63 million at the end of the year.

For the year ended June 30, 2016, net position changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for services	\$ 5,311,640	\$ 4,589,101	\$ 9,127,187	\$ 8,752,916	\$ 14,438,827	\$ 13,342,017
Operating grants and contributions	1,911,261	1,502,835	-	-	1,911,261	1,502,835
Capital grants and contributions	3,055,296	1,628,293	1,034,068	731,471	4,089,364	2,359,764
General Revenues						
Property taxes	24,991,769	25,096,699	-	-	24,991,769	25,096,699
Local Option Sales Tax	4,850,423	4,947,250	-	-	4,850,423	4,947,250
Hotel/Motel Tax & Other	969,821	988,425	-	-	969,821	988,425
Use of money and property	1,252,423	1,187,617	69,673	50,802	1,322,096	1,238,419
Intergovernmental	6,503,056	25,400,155	118,076	88,596	6,621,132	25,488,751
Miscellaneous	1,616,773	844,766	-	-	1,616,773	844,766
Gain on Sale of assets	3,864	-	-	-	3,864	-
Utility contribution	4,175,000	3,402,949	-	-	4,175,000	3,402,949
Total revenues	\$ 54,641,326	\$ 69,588,090	\$ 10,349,004	\$ 9,623,785	\$ 64,990,330	\$ 79,211,875
Expenses						
Public safety	\$ 9,720,423	\$ 9,285,835	\$ -	\$ -	\$ 9,720,423	\$ 9,285,835
Public works	11,782,921	12,301,197	-	-	11,782,921	12,301,197
Health and social services	276,202	279,734	-	-	276,202	279,734
Culture and recreation	7,679,626	7,560,018	-	-	7,679,626	7,560,018
Community and economic development	5,747,990	5,661,653	-	-	5,747,990	5,661,653
General government	3,855,419	4,319,945	-	-	3,855,419	4,319,945
Debt service	157,356	166,377	-	-	157,356	166,377
Sewer	-	-	4,822,038	4,702,339	4,822,038	4,702,339
Refuse	-	-	2,829,990	2,744,057	2,829,990	2,744,057
Storm Water	-	-	925,595	1,000,434	925,595	1,000,434
Total expenses	\$ 39,219,937	\$ 39,574,759	\$ 8,577,623	\$ 8,446,830	\$ 47,797,560	\$ 48,021,589
Increase in net position before transfers	\$ 15,421,389	\$ 30,013,331	\$ 1,771,381	\$ 1,176,955	\$ 17,192,770	\$ 31,190,286
Transfers	(970,732)	(356,735)	970,732	356,735	-	-
Increase in net position	\$ 14,450,657	\$ 29,656,596	\$ 2,742,113	\$ 1,533,690	\$ 17,192,770	\$ 31,190,286
Net position, beginning	260,275,065	230,618,469	73,353,795	71,820,105	333,628,860	302,438,574
Net position, ending	\$ 274,725,722	\$ 260,275,065	\$ 76,095,908	\$ 73,353,795	\$ 350,821,630	\$ 333,628,860

Charges for services increased by approximately \$1 million due to increases in sewer rates and increased building permits. Transfer of jurisdiction funds for University Avenue received in FY15, caused intergovernmental revenue to decrease from FY15 to FY16 by approximately \$19 million.

## INDIVIDUAL MAJOR FUND ANALYSIS

### Governmental Fund Highlights

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$94,562,802. \$843,212 is nonspendable for inventory and note receivable. \$29,490,897 is restricted for TIF, debt service, road use tax funds, local option sales tax, employee retirement systems, bond proceeds and various grants. \$17,820,657 is committed for the City's health trust fund and parking fund. \$40,051,552 is assigned for recreational capital funds, police forfeiture funds, economic development and capital improvements. This leaves \$6,356,484 for unassigned fund balances in the governmental funds.

The Governmental fund balances increased by \$1,642,048, or 1.77%. This increase was primarily due to the General Fund, which had increased building permit revenue.

The General Fund is the chief operating fund of the City of Cedar Falls. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,401,303, while the total fund balance totaled \$11,155,943. As a measure of the General Funds liquidity, it may be useful to compare both unreserved fund balances and total fund balances to total fund expenditures. Unassigned fund balance represents 39.76% of the total General Fund expenditures, while the total fund balance represents 52.80% of that same amount.

The following fund balances in the other major funds, which comprise the Total Governmental Funds are listed below:

	FY16 Amount	FY15 Amount	Increase (Decrease)
Hospital Fund	\$ 16,919,008	\$ 16,545,489	\$ 373,519
TIF Fund	26,284	55,024	(28,740)
Street Repair Fund	14,818,242	13,665,801	1,152,441
Debt Service Fund	466,400	431,704	34,696
Street Improvement Fund	10,179,859	18,651,413	(8,471,554)
Capital Improvements Fund	19,021,630	14,441,680	4,579,950
Bond Fund	(2,040,908)	(5,282,432)	3,241,524
Other Governmental Funds	24,016,344	24,347,482	(331,138)

The Street Improvement Fund had the largest decrease in fund balance due to the \$20 million received from the State of Iowa for the transfer of jurisdiction for University Avenue in FY15.

The Capital Improvements Fund had an increase in fund balance due to the transfer in from other funds and Cedar Falls Utilities for future capital projects.

The Hospital Fund had an increase in fund balance due to the repayment of internal financing by the Sewer Fund.

The Bond Fund had an increase in fund balance due to grant reimbursements received on various projects.

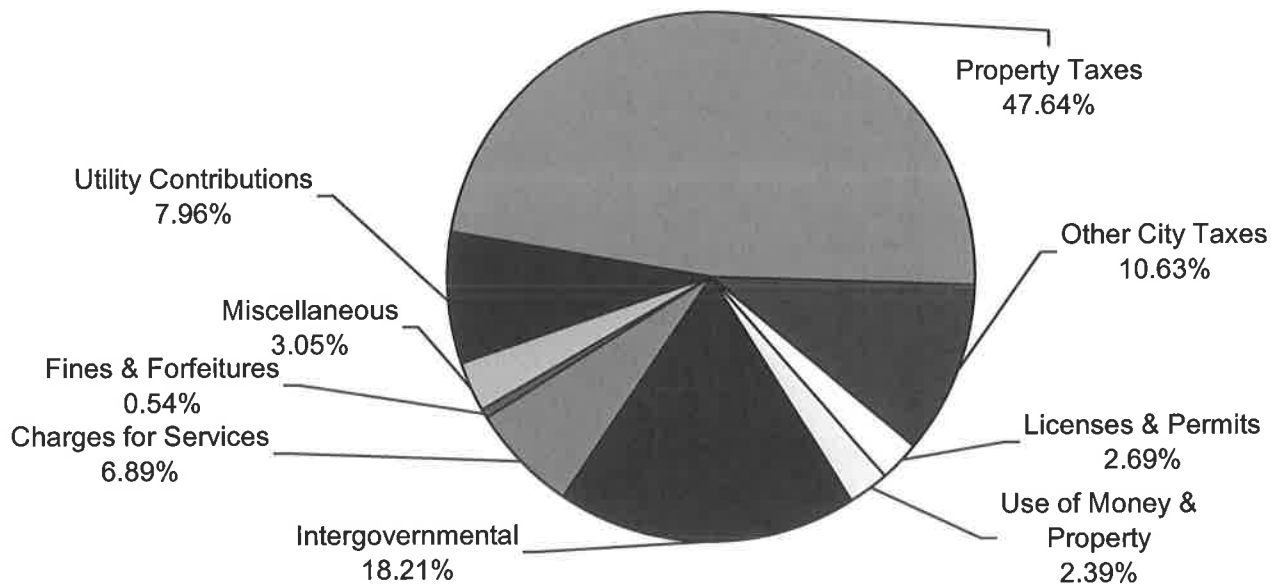
The Street Repair Fund had an increase in fund balance due to the timing of various street projects.

The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2016 and June 30, 2015.

Revenues	FY16 Amount	Percent of Total	FY15 Amount	Increase (Decrease) from FY15	Percent of Increase (Decrease)
Property taxes and assessments	\$ 24,996,361	47.64 %	\$ 25,099,620	\$ (103,259)	(0.62) %
Other city taxes	5,574,659	10.63	6,156,049	(581,390)	(3.50)
Licenses and permits	1,413,196	2.69	967,488	445,708	2.68
Use of money and property	1,252,423	2.39	1,187,617	64,806	0.39
Intergovernmental	9,556,156	18.21	27,494,197	(17,938,041)	(107.93)
Charges for services	3,613,510	6.89	3,329,061	284,449	1.71
Fines and forfeitures	284,934	0.54	292,551	(7,617)	(0.05)
Miscellaneous	1,598,216	3.05	1,154,586	443,630	2.67
Utility contribution in lieu of taxes	4,175,000	7.96	3,402,949	772,051	4.65
	<u>\$ 52,464,455</u>	<u>100.00 %</u>	<u>\$ 69,084,118</u>	<u>\$ (16,619,663)</u>	<u>(100.00) %</u>

The most significant decrease in revenues was in intergovernmental. The decrease was due to the transfer of jurisdiction funds received in FY15. The other significant increase was in licenses & permits. The increase was due to the increase in building permit revenue. FY16 was the highest year on record for building permits

### Governmental Revenues FY16

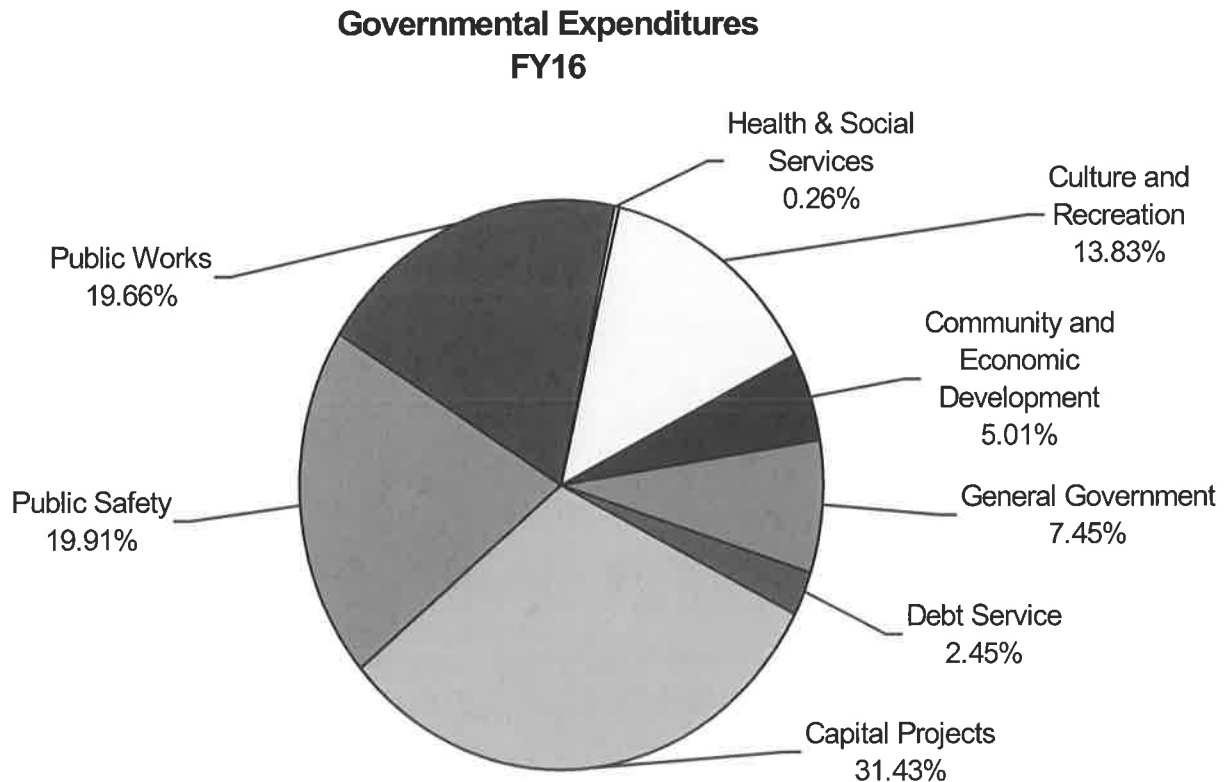


The following schedule presents a summary of governmental expenditures for the fiscal years ended June 30, 2016 and June 30, 2015.

Expenditures	FY16 Amount	Percent of Total	FY15 Amount	Increase (Decrease) from FY15	Percent of Increase (Decrease)
Public Safety	\$ 9,888,523	19.91 %	\$ 9,736,872	\$ 151,651	2.33 %
Public Works	9,762,190	19.66	10,078,273	(316,083)	(4.84)
Health & Social Services	127,222	0.26	150,853	(23,631)	(0.36)
Culture & Recreation	6,868,429	13.83	6,949,450	(81,021)	(1.24)
Community and Economic Development	2,486,183	5.01	2,529,858	(43,675)	(0.67)
General Government	3,700,513	7.45	3,376,609	323,904	4.96
Debt Service	1,218,071	2.45	1,196,875	21,196	0.32
Capital Projects	15,604,458	31.43	9,106,571	6,497,887	99.50
	<u>\$ 49,655,589</u>	<u>100.00 %</u>	<u>\$ 43,125,361</u>	<u>\$ 6,530,228</u>	<u>100.00 %</u>

The most significant increase in expenditures occurred in the capital projects function. This was due to the University Avenue reconstruction project.

The most significant decrease in expenditures occurred in the public works function. This was due to the timing of various street projects financed by local option sales tax.





## Proprietary Funds

City of Cedar Falls proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

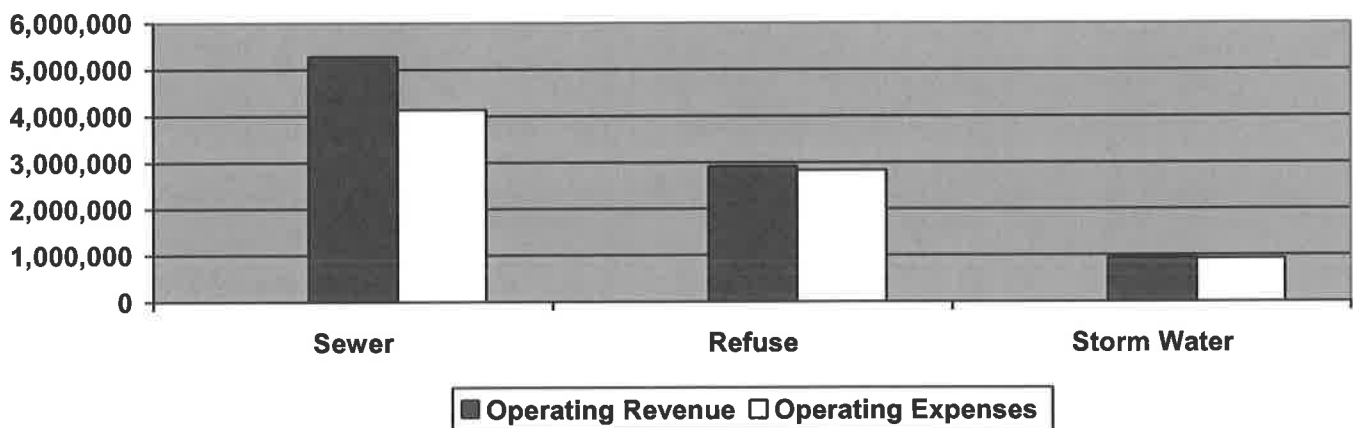
Net position of the Sewer, Refuse and Storm Water funds at the end of the year amounted to \$76,095,908. Net position in the Governmental Activities Internal Service funds was \$15,045,576.

These funds were established for the City operations that are financed and operated in a manner similar to private business enterprises. The cost of providing the services to the general public is recovered, in whole or in part, through user charges.

The City's enterprise operations are comprised of three separate and distinct activities: Sewer, Refuse and Storm Water. Results of operations for these funds for the years ended June 30, 2016 and June 30, 2015 are as follows:

	Sewer		Refuse		Storm Water	
	2016	2015	2016	2015	2016	2015
Operating Revenues	\$ 5,279,521	\$ 5,067,148	\$ 2,910,356	\$ 2,855,267	\$ 937,310	\$ 830,501
Operating Expenses	4,137,068	4,009,756	2,829,862	2,726,912	925,595	1,000,434
Non-Operating Rev (Exp)	(650,055)	(667,585)	21,724	19,711	130,982	77,544
Capital Contributions	589,981	348,788	-	-	444,087	382,683
Operating Transfers, net	579,870	326,847	128,060	94,007	262,802	(64,119)
Change in Net Position	1,662,249	1,065,442	230,278	242,073	849,586	226,175

**Proprietary Fund Operating Revenues & Expenses  
FY16**



## BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the budget two times. These amendments were done in March 2016 and May 2016. The amendments were needed due to several large projects under construction. At the end of the year, the City did not exceed the amended budgeted amounts in any of its functions.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

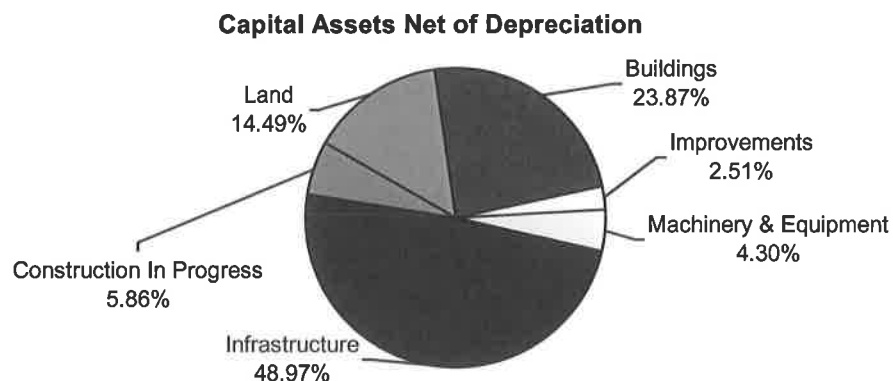
At the end of June 30, 2016, the City had approximately \$269 million invested in capital assets including police and fire equipment, public buildings, park facilities, roads, bike trails, bridges, water treatment facilities, sanitary sewer lines, and storm water improvements. (See Table following.) This represents a net increase of approximately \$11 million or 4.23% over last year.

City of Cedar Falls Capital Assets (net of depreciation)						
	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 37,332,030	\$ 36,225,418	\$ 1,612,581	\$ 1,612,581	\$ 38,944,611	\$ 37,837,999
Buildings	16,488,803	16,388,973	47,657,546	47,761,153	64,146,349	64,150,126
Improvements other than buildings	6,741,603	7,221,291	-	-	6,741,603	7,221,291
Machinery and equipment	6,461,336	6,582,958	5,105,426	5,213,749	11,566,762	11,796,707
Infrastructure	99,368,830	94,815,249	32,193,316	31,213,174	131,562,146	126,028,423
Construction in progress	14,418,001	9,005,746	1,335,505	1,763,507	15,753,506	10,769,253
<b>Total</b>	<b>\$ 180,810,603</b>	<b>\$ 170,239,635</b>	<b>\$ 87,904,374</b>	<b>\$ 87,564,164</b>	<b>\$ 268,714,977</b>	<b>\$ 257,803,799</b>

Major capital asset events during the current fiscal year included the following:

- Prairie Parkway Extension Project
- Island Park Beach House Reconstruction
- Park Drive Lift Station
- University Avenue Reconstruction

More detailed information about the City's capital assets is presented in Note 3 to the financial statements.



## Debt

At year-end, the City had \$10,961,000 in outstanding debt compared to \$12,977,000 last year. That is an decrease of \$2,016,000 or 15.54%.

### City of Cedar Falls Outstanding Debt General Obligation Debt and Revenue Debt

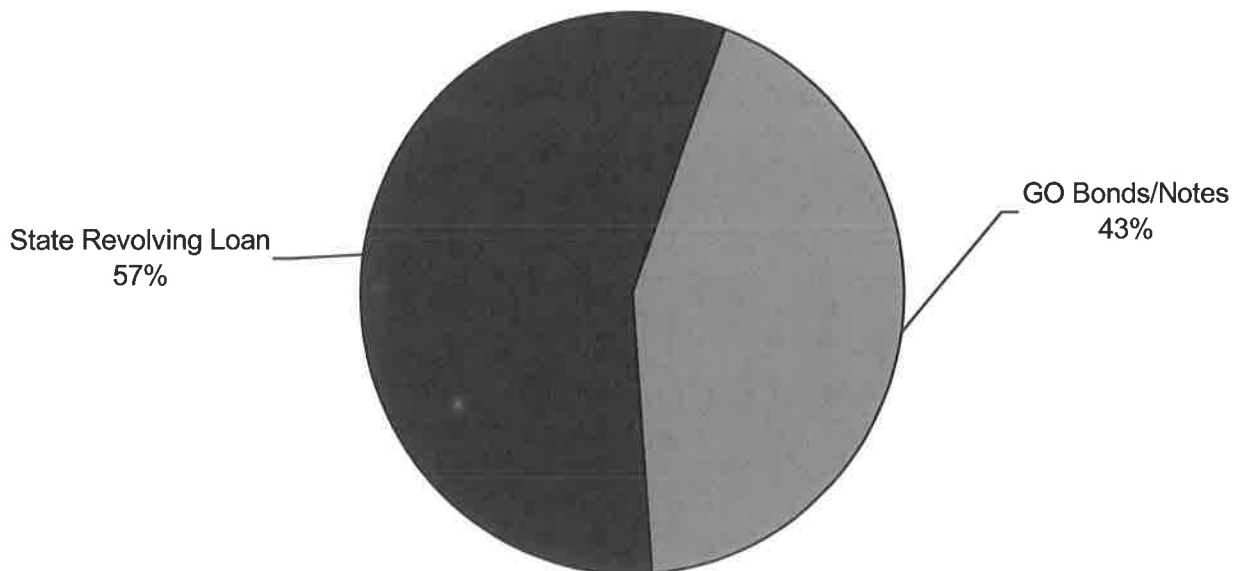
	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation						
bonds/notes	\$ 3,765,000	\$ 4,835,000	\$ 985,000	\$ 1,660,000	\$ 4,750,000	\$ 6,495,000
State Revolving Loan	—	—	6,211,000	6,482,000	6,211,000	6,482,000
Total	<u>\$ 3,765,000</u>	<u>\$ 4,835,000</u>	<u>\$ 7,196,000</u>	<u>\$ 8,142,000</u>	<u>\$ 10,961,000</u>	<u>\$ 12,977,000</u>

The City of Cedar Falls was upgraded to a Aa1 rating from Moody's Investor Services for all general obligation issuances. This was a result of Moody's recalibrating their U.S. municipal rating scale.

State statutes limit the amount of general obligation debt a government entity may issue to 5% of its total assessed valuation. As of June 30, 2016, the City's legal debt margin was \$136,501,126.

More detailed information about the City's long-term debt is presented in Note 3 to the financial statements.

### City of Cedar Falls Outstanding Debt FY16



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

During the state legislative session in 2014, the legislature reduced the taxable valuation of commercial property and created a new class of property for multi-residential. This could greatly affect the City's general operating fund.

Even with the State reductions, the City Council did establish a balanced budget in the General Fund for FY17. The tax levy rate per \$1,000 of taxable valuation for FY17 is provided below:

General levy	\$ 8.10
Trust and Agency levy	1.68
Debt Service levy	.57
Transit levy	.24
Library levy	.27
Liability Insurance levy	.11
Emergency Management levy	.23
Municipal Band levy	<u>.02</u>
Total levy	\$ 11.22

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. The City's discretely presented component units, Cedar Falls Utilities, have separately issued financial statements. If you have questions about this report or need additional information, contact the Department of Finance and Business Operations, 220 Clay Street, Cedar Falls, Iowa 50613.

**City of Cedar Falls, Iowa**  
**Statement of Net Position**  
**June 30, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 96,069,548	\$ 10,149,572	\$ 106,219,120
Certificates of deposit	--	--	--
Receivables, net of allowance for uncollectible amounts:			
Property taxes	25,890,838	--	25,890,838
Other city taxes	1,073,821	--	1,073,821
Accrued interest	252,062	30,715	282,777
Special assessments	35,228	--	35,228
Notes from associated company	--	--	--
Customers	--	--	--
Human & leisure services contributions	4,041,221	--	4,041,221
Other	1,196,170	1,327,953	2,524,123
Due from component unit	1,697,500	--	1,697,500
Internal balances	14,095,000	(14,095,000)	--
Due from other governments	492,929	2,000	494,929
Inventories	803,722	72,916	876,638
Prepays and other assets	--	--	--
Restricted assets:			
Cash	--	--	--
Certificates of deposit	--	--	--
Capital assets:			
Land	37,332,030	1,612,581	38,944,611
Land improvements	13,181,753	--	13,181,753
Buildings	26,894,051	56,403,860	83,297,911
Machinery and equipment	18,445,239	8,668,936	27,114,175
Infrastructure	189,344,273	50,232,898	239,577,171
Construction in progress	14,418,001	1,335,505	15,753,506
Accumulated depreciation	(118,804,744)	(30,349,406)	(149,154,150)
Total assets	\$ 326,458,642	\$ 85,392,530	\$ 411,851,172
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	3,127,060	214,572	3,341,632
Total deferred outflows of resources	\$ 3,127,060	\$ 214,572	\$ 3,341,632
<b>LIABILITIES</b>			
Accounts payable	\$ 4,857,240	\$ 284,563	\$ 5,141,803
Grant proceeds received in advance	869,510	--	869,510
Accrued liabilities	1,294,615	115,623	1,410,238
Due to primary government	--	--	--
Note payable to associated company	--	--	--
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	1,145,000	764,000	1,909,000
Compensated absences	928,117	158,516	1,086,633
Portion due or payable after one year:			
Bonds payable	2,587,042	6,426,548	9,013,590
Compensated absences	1,654,269	277,624	1,931,893
Net OPEB liability	342,298	--	342,298
Net pension liability	13,439,885	1,280,823	14,720,708
Total liabilities	\$ 27,117,976	\$ 9,307,697	\$ 36,425,673
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Succeeding year property taxes	\$ 25,808,377	\$ --	\$ 25,808,377
TIF related deferred outflows	--	--	--
Pension related deferred inflows	1,933,627	203,497	2,137,124
Total deferred inflows of resources	\$ 27,742,004	\$ 203,497	\$ 27,945,501
<b>NET POSITION</b>			
Net investment in capital assets	\$ 177,078,562	\$ 80,717,535	\$ 257,796,097
Restricted:			
Streets	21,842,476	--	21,842,476
Debt service	466,400	--	466,400
Employee retirement system	5,671,268	--	5,671,268
TIF	26,284	--	26,284
Other	2,015,557	9,500	2,025,057
Unrestricted	67,625,175	(4,631,127)	62,994,048
Total net position	\$ 274,725,722	\$ 76,095,908	\$ 350,821,630

See notes to financial statements

Component Units			
Electric Utility	Gas Utility	Water Utility	Communications Utility
\$ 42,931,716	\$ 11,671,590	\$ 5,236,725	\$ 3,505,817
500,000	--	--	--
--	--	--	--
--	--	--	--
17,870	2,014	13	3,958
--	--	--	--
183,090	1,200,000	--	--
3,831,657	969,599	494,844	1,945,804
--	--	--	--
18,940,868	1,371,794	254,007	1,313,757
--	--	--	--
--	--	--	--
102,235	--	--	--
6,621,559	188,142	113,818	804,666
1,253,562	112,713	46,538	153,236
--	--	--	--
2,191,669	103,590	76,498	317,987
5,790,000	--	--	1,441,000
--	--	--	--
1,876,804	25,617	63,466	2,177
4,683	--	--	--
32,929,120	3,270,858	2,053,581	--
20,805,986	654,341	1,364,774	18,183,619
183,699,774	21,370,947	31,255,477	17,624,082
1,816,781	45,345	38,658	701,265
(84,179,837)	(11,824,231)	(10,768,211)	(9,675,675)
<u>\$ 239,317,537</u>	<u>\$ 29,162,319</u>	<u>\$ 30,230,188</u>	<u>\$ 36,321,693</u>
1,277,767	369,294	254,634	521,995
<u>\$ 1,277,767</u>	<u>\$ 369,294</u>	<u>\$ 254,634</u>	<u>\$ 521,995</u>
\$ 2,556,526	\$ 799,770	\$ 192,912	\$ 986,203
--	--	--	--
2,955,539	1,193,855	396,200	557,077
3,053,920	--	--	--
--	--	--	1,383,090
--	--	--	--
3,240,000	--	--	1,680,000
--	--	--	--
40,229,717	--	--	9,151,248
831,930	158,463	105,642	224,489
756,000	121,076	90,494	17,685
4,954,618	1,415,692	991,800	2,040,514
<u>\$ 58,578,250</u>	<u>\$ 3,688,856</u>	<u>\$ 1,777,048</u>	<u>\$ 16,040,306</u>
\$ --	\$ --	\$ --	\$ --
18,429,622	54,312	--	--
1,448,799	409,406	289,085	591,357
<u>\$ 19,878,421</u>	<u>\$ 463,718</u>	<u>\$ 289,085</u>	<u>\$ 591,357</u>
\$ 114,243,153	\$ 13,542,876	\$ 24,007,745	\$ 14,621,130
--	--	--	--
7,000,449	--	--	1,804,366
--	--	--	--
--	--	--	--
--	--	--	--
40,895,031	11,836,163	4,410,944	3,786,529
<u>\$ 162,138,633</u>	<u>\$ 25,379,039</u>	<u>\$ 28,418,689</u>	<u>\$ 20,212,025</u>

**City of Cedar Falls, Iowa**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
Public safety	\$ 9,720,423	\$ 620,779	\$ 65,980	\$ --
Public works	11,782,921	179,815	--	2,987,553
Health and social services	276,202	--	--	--
Culture and recreation	7,679,626	2,501,785	--	67,743
Community and economic development	5,747,990	--	1,845,281	--
General government	3,855,419	2,009,261	--	--
Interest on long-term debt and related fees	157,356	--	--	--
Total governmental activities	\$ 39,219,937	\$ 5,311,640	\$ 1,911,261	\$ 3,055,296
Business-type activities:				
Sewer	\$ 4,822,038	\$ 5,279,521	\$ --	\$ 589,981
Refuse	2,829,990	2,910,356	--	--
Storm Water	925,595	937,310	--	444,087
Total business-type activities	\$ 8,577,623	\$ 9,127,187	\$ --	\$ 1,034,068
Total primary government	\$ 47,797,560	\$ 14,438,827	\$ 1,911,261	\$ 4,089,364
Component units				
Electric Utility	\$ 46,925,338	\$ 49,883,689	\$ --	\$ 2,294,366
Gas Utility	11,206,921	11,688,563	--	89,513
Water Utility	3,252,966	4,311,326	--	1,076,312
Communications Utility	14,524,024	17,597,290	--	766,141
Total component units	\$ 75,909,249	\$ 83,480,868	\$ --	\$ 4,226,332

General revenues:

Property taxes and assessments  
Local option sales tax  
Hotel/motel taxes  
Other city taxes  
Use of money and property  
Intergovernmental, not restricted to specific programs  
Gain on sale of assets  
Miscellaneous  
Utility contribution in lieu of taxes

Transfers

Total general revenues and transfers  
Change in net position

Net position - beginning

Net position - ending

See notes to financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Electric Utility	Gas Utility	Water Utility	Communications Utility
\$ (9,033,664)	\$ --	\$ (9,033,664)	\$ --	\$ --	\$ --	\$ --
(8,615,553)	--	(8,615,553)	--	--	--	--
(276,202)	--	(276,202)	--	--	--	--
(5,110,098)	--	(5,110,098)	--	--	--	--
(3,902,709)	--	(3,902,709)	--	--	--	--
(1,846,158)	--	(1,846,158)	--	--	--	--
(157,356)	--	(157,356)	--	--	--	--
<u>\$ (28,941,740)</u>	<u>\$ --</u>	<u>\$ (28,941,740)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ 1,047,464	\$ 1,047,464	\$ --	\$ --	\$ --	\$ --
--	80,366	80,366	--	--	--	--
--	455,802	455,802	--	--	--	--
<u>\$ --</u>	<u>\$ 1,583,632</u>	<u>\$ 1,583,632</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>\$ (28,941,740)</u>	<u>\$ 1,583,632</u>	<u>\$ (27,358,108)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ 5,252,717	\$ --	\$ --	\$ --
--	--	--	--	571,155	--	--
--	--	--	--	--	2,134,672	--
--	--	--	--	--	--	3,839,407
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,252,717</u>	<u>\$ 571,155</u>	<u>\$ 2,134,672</u>	<u>\$ 3,839,407</u>
\$ 24,991,769	\$ --	\$ 24,991,769	\$ --	\$ --	\$ --	\$ --
4,850,423	--	4,850,423	--	--	--	--
881,530	--	881,530	--	--	--	--
88,291	--	88,291	--	--	--	--
1,252,423	69,673	1,322,096	58,677	35,507	216	9,447
6,503,056	118,076	6,621,132	983,093	172,709	83,611	--
3,864	--	3,864	--	--	--	--
1,616,773	--	1,616,773	--	--	--	--
4,175,000	--	4,175,000	--	--	--	--
(970,732)	970,732	--	--	--	--	--
<u>\$ 43,392,397</u>	<u>\$ 1,158,481</u>	<u>\$ 44,550,878</u>	<u>\$ 1,041,770</u>	<u>\$ 208,216</u>	<u>\$ 83,827</u>	<u>\$ 9,447</u>
\$ 14,450,657	\$ 2,742,113	\$ 17,192,770	\$ 6,294,487	\$ 779,371	\$ 2,218,499	\$ 3,848,854
260,275,065	73,353,795	333,628,860	155,844,146	24,599,668	26,200,190	16,363,171
<u>\$ 274,725,722</u>	<u>\$ 76,095,908</u>	<u>\$ 350,821,630</u>	<u>\$ 162,138,633</u>	<u>\$ 25,379,039</u>	<u>\$ 28,418,689</u>	<u>\$ 20,212,025</u>



**City of Cedar Falls, Iowa**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

		Special Revenue		
	General Fund	Hospital Fund	TIF Fund	Street Repair Fund
<b>ASSETS</b>				
Cash	\$ 9,876,592	\$ 6,214,324	\$ --	\$ 14,685,192
Receivables, net of allowance for uncollectible amounts:				
Property taxes	15,438,193	--	7,953,966	--
Other city taxes	122,792	--	--	828,237
Accrued interest	62,117	34,989	--	38,245
Special assessments	--	--	--	--
Human & leisure services contributions	4,041,221	--	--	--
Other	265,708	616,908	--	111,128
Due from component unit	1,697,500	--	--	--
Due from other funds	--	--	--	--
Advance to other funds	--	10,655,000	--	--
Due from other governments	15,097	--	--	--
Inventories	164,808	--	--	--
Total assets	<u>\$ 31,684,028</u>	<u>\$ 17,521,221</u>	<u>\$ 7,953,966</u>	<u>\$ 15,662,802</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 442,091	\$ 400	\$ --	\$ 844,560
Grant proceeds received in advance	--	--	--	--
Accrued liabilities	531,493	--	--	--
Due to other funds	--	--	--	--
Total liabilities	<u>\$ 973,584</u>	<u>\$ 400</u>	<u>\$ --</u>	<u>\$ 844,560</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Succeeding year property taxes	\$ 15,389,862	\$ --	\$ 7,927,682	\$ --
Amounts held in community foundation	4,041,221	--	--	--
Amount due at end of lease	--	601,813	--	--
Other	123,418	--	--	--
Total deferred inflows of resources	<u>\$ 19,554,501</u>	<u>\$ 601,813</u>	<u>\$ 7,927,682</u>	<u>\$ --</u>
<b>FUND BALANCES</b>				
Nonspendable	\$ 164,808	\$ --	\$ --	\$ --
Restricted	--	--	26,284	14,818,242
Committed	--	16,919,008	--	--
Assigned	2,589,832	--	--	--
Unassigned	8,401,303	--	--	--
Total fund balances	<u>\$ 11,155,943</u>	<u>\$ 16,919,008</u>	<u>\$ 26,284</u>	<u>\$ 14,818,242</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,684,028</u>	<u>\$ 17,521,221</u>	<u>\$ 7,953,966</u>	<u>\$ 15,662,802</u>

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources.

Internal service funds are used by management to charge the costs of fleet management, management information systems and risk management activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.

Accrued compensated absences, other postemployment benefits and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related deferred outflows of resources and deferred inflows of resources, are not due and payable in the current year and, therefore, are not reported in the funds.

Deferred outflows of resources

Deferred inflows of resources

Net position of governmental activities

See notes to financial statements

Debt Service Fund	Capital Projects			Other Governmental Funds	Total Governmental Funds
	Street Improvement Fund	Capital Improvements	Bond Fund		
\$ 463,053	\$ 11,440,513	\$ 15,619,427	\$ --	\$ 23,517,385	\$ 81,816,486
1,072,332	--	--	--	1,426,347	25,890,838
--	--	--	--	122,792	1,073,821
--	12,514	37,190	--	30,174	215,229
--	--	18,376	--	16,852	35,228
--	--	--	--	--	4,041,221
--	106,456	86,025	--	--	1,186,225
--	--	--	--	--	1,697,500
--	--	--	--	849,696	849,696
--	--	3,440,000	--	--	14,095,000
--	--	8,444	29,610	439,778	492,929
--	--	--	--	603,404	768,212
<u>\$ 1,535,385</u>	<u>\$ 11,559,483</u>	<u>\$ 19,209,462</u>	<u>\$ 29,610</u>	<u>\$ 27,006,428</u>	<u>\$ 132,162,385</u>
\$ --	\$ 1,379,624	\$ 161,366	\$ 325,852	\$ 1,361,019	\$ 4,514,911
--	--	--	869,510	--	869,510
--	--	--	--	62,946	594,439
--	--	--	845,546	4,150	849,696
<u>\$ --</u>	<u>\$ 1,379,624</u>	<u>\$ 161,366</u>	<u>\$ 2,040,908</u>	<u>\$ 1,428,115</u>	<u>\$ 6,828,557</u>
\$ 1,068,985	\$ --	\$ 18,022	\$ --	\$ 1,438,459	\$ 25,843,010
--	--	--	--	--	4,041,221
--	--	--	--	--	601,813
--	--	8,444	29,610	123,510	284,982
<u>\$ 1,068,985</u>	<u>\$ --</u>	<u>\$ 26,466</u>	<u>\$ 29,610</u>	<u>\$ 1,561,969</u>	<u>\$ 30,771,026</u>
\$ --	\$ --	\$ 75,000	\$ --	\$ 603,404	\$ 843,212
466,400	--	--	--	14,179,971	29,490,897
--	--	--	--	901,649	17,820,657
--	10,179,859	18,946,630	--	8,335,231	40,051,552
--	--	--	(2,040,908)	(3,911)	6,356,484
<u>\$ 466,400</u>	<u>\$ 10,179,859</u>	<u>\$ 19,021,630</u>	<u>\$ (2,040,908)</u>	<u>\$ 24,016,344</u>	<u>\$ 94,562,802</u>
<u>\$ 1,535,385</u>	<u>\$ 11,559,483</u>	<u>\$ 19,209,462</u>	<u>\$ 29,610</u>	<u>\$ 27,006,428</u>	
					178,609,860
					4,962,649
					15,045,576
					(9,130)
					(15,886,998)
					(3,732,042)
					3,058,111
					(1,885,106)
					<u>\$ 274,725,722</u>

**City of Cedar Falls, Iowa**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	Special Revenue			
	General Fund	Hospital Fund	TIF Fund	Street Repair Fund
<b>Revenues:</b>				
Property taxes and assessments	\$ 15,032,603	\$ ---	\$ 7,463,448	\$ ---
Other city taxes	402,996	---	---	4,850,423
Licenses and permits	1,413,196	---	---	---
Use of money and property	146,115	487,503	---	90,187
Intergovernmental	1,288,333	---	490,346	112,826
Charges for services	3,568,782	---	---	---
Fines and forfeitures	137,179	---	---	---
Miscellaneous	127,605	238	---	481,699
Utility contribution in lieu of taxes	2,685,000	---	---	---
<b>Total revenues</b>	<b>\$ 24,801,809</b>	<b>\$ 487,741</b>	<b>\$ 7,953,794</b>	<b>\$ 5,535,135</b>
<b>Expenditures:</b>				
Current:				
Public safety	\$ 8,451,702	\$ ---	\$ ---	\$ ---
Public works	1,553,923	---	---	4,196,142
Health and social services	13,000	114,222	---	---
Culture and recreation	6,403,189	---	---	---
Community and economic development	1,006,633	---	---	---
General government	3,700,513	---	---	---
Debt service	---	---	---	---
Capital projects	---	---	---	---
<b>Total expenditures</b>	<b>\$ 21,128,960</b>	<b>\$ 114,222</b>	<b>\$ ---</b>	<b>\$ 4,196,142</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 3,672,849</b>	<b>\$ 373,519</b>	<b>\$ 7,953,794</b>	<b>\$ 1,338,993</b>
<b>Other financing sources (uses):</b>				
Transfers:				
Transfers in	\$ 819,407	\$ ---	\$ ---	\$ ---
Transfers out	(3,381,792)	---	(7,982,534)	(186,552)
<b>Total other financing sources (uses)</b>	<b>\$ (2,562,385)</b>	<b>\$ ---</b>	<b>\$ (7,982,534)</b>	<b>\$ (186,552)</b>
<b>Net change in fund balances</b>	<b>\$ 1,110,464</b>	<b>\$ 373,519</b>	<b>\$ (28,740)</b>	<b>\$ 1,152,441</b>
Fund balances, beginning	10,064,593	16,545,489	55,024	13,665,801
Increase (decrease) in reserve for inventories	(19,114)	---	---	---
<b>Fund balances, ending</b>	<b>\$ 11,155,943</b>	<b>\$ 16,919,008</b>	<b>\$ 26,284</b>	<b>\$ 14,818,242</b>

See notes to financial statements

Debt Service Fund	Capital Projects			Other Governmental Funds	Total Governmental Funds
	Street Improvement Fund	Capital Improvements	Bond Fund		
\$ 1,048,096	\$ --	\$ --	\$ --	\$ 1,452,214	\$ 24,996,361
3,268	--	--	--	317,972	5,574,659
--	--	--	--	--	1,413,196
--	101,226	253,209	--	174,183	1,252,423
41,209	--	109,080	856,005	6,658,357	9,556,156
--	--	--	--	44,728	3,613,510
--	--	--	--	147,755	284,934
--	422,481	337,992	58,578	169,623	1,598,216
--	--	1,490,000	--	--	4,175,000
<u>\$ 1,092,573</u>	<u>\$ 523,707</u>	<u>\$ 2,190,281</u>	<u>\$ 914,583</u>	<u>\$ 8,964,832</u>	<u>\$ 52,464,455</u>
\$ --	\$ --	\$ --	\$ --	\$ 1,436,821	\$ 9,888,523
--	--	--	--	4,012,125	9,762,190
--	--	--	--	--	127,222
--	--	--	--	465,240	6,868,429
--	--	--	--	1,479,550	2,486,183
--	--	--	--	--	3,700,513
1,204,515	--	--	13,556	--	1,218,071
--	8,995,261	389,118	1,982,414	4,237,665	15,604,458
<u>\$ 1,204,515</u>	<u>\$ 8,995,261</u>	<u>\$ 389,118</u>	<u>\$ 1,995,970</u>	<u>\$ 11,631,401</u>	<u>\$ 49,655,589</u>
<u>\$ (111,942)</u>	<u>\$ (8,471,554)</u>	<u>\$ 1,801,163</u>	<u>\$ (1,081,387)</u>	<u>\$ (2,666,569)</u>	<u>\$ 2,808,866</u>
\$ 146,638	\$ --	\$ 2,919,451	\$ 4,322,911	\$ 3,074,874	\$ 11,283,281
--	--	(140,664)	--	(880,331)	(12,571,873)
<u>\$ 146,638</u>	<u>\$ --</u>	<u>\$ 2,778,787</u>	<u>\$ 4,322,911</u>	<u>\$ 2,194,543</u>	<u>\$ (1,288,592)</u>
\$ 34,696	\$ (8,471,554)	\$ 4,579,950	\$ 3,241,524	\$ (472,026)	\$ 1,520,274
431,704	18,651,413	14,441,680	(5,282,432)	24,347,482	92,920,754
--	--	--	--	140,888	121,774
<u>\$ 466,400</u>	<u>\$ 10,179,859</u>	<u>\$ 19,021,630</u>	<u>\$ (2,040,908)</u>	<u>\$ 24,016,344</u>	<u>\$ 94,562,802</u>

**City of Cedar Falls, Iowa**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2016**

Net change in fund balances - total governmental funds \$ 1,520,274

Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Net acquisition of capital assets	18,285,687	
Depreciation expense	<u>(7,544,997)</u>	
		10,740,690

Because some revenues will not be collected for several months after the City's year end, they are not considered available revenues and are reported as deferred inflows of resources in the governmental funds, as follows:

Property tax	(4,592)	
Other City Tax	245,585	
Other	<u>(197,064)</u>	
		43,929

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of net position. Current year repayments exceeded issues, as follows:

Repaid	1,070,000	
Accrued interest	<u>(9,285)</u>	
		1,060,715

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	48,919	
Other postemployment benefits	(124,171)	
Pension expense	862,056	
Change in inventory	<u>121,774</u>	
		908,578

Internal service funds are used by management to charge the costs of fleet management, management information systems and risk management activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

	176,471
Change in net position of governmental activities	<u>\$ 14,450,657</u>

See notes to financial statements

**City of Cedar Falls, Iowa**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

	Business-type Activities - Enterprise Fund	
	Sewer Fund	Refuse Fund
<b>ASSETS</b>		
Current assets:		
Cash	\$ 4,416,439	\$ 3,617,736
Receivables, net of allowance for uncollectible amounts:		
Accrued interest	16,491	8,745
Other	887,886	395,746
Due from other governments	---	2,000
Inventories	48,881	24,035
Total current assets	<u>\$ 5,369,697</u>	<u>\$ 4,048,262</u>
Noncurrent assets:		
Capital assets:		
Land	\$ 779,878	\$ 204,845
Buildings	43,427,366	12,976,494
Machinery and equipment	5,672,614	2,996,322
Infrastructure	32,321,680	---
Construction in progress	328,281	---
Accumulated depreciation	(20,902,621)	(3,264,789)
Total noncurrent assets	<u>\$ 61,627,198</u>	<u>\$ 12,912,872</u>
Total assets	<u>\$ 66,996,895</u>	<u>\$ 16,961,134</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows	<u>\$ 95,833</u>	<u>\$ 91,434</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 210,982	\$ 39,320
Accrued liabilities	72,798	33,496
Bonds payable - due within one year	764,000	---
Compensated absences - due within one year	72,951	68,495
Total current liabilities	<u>\$ 1,120,731</u>	<u>\$ 141,311</u>
Noncurrent liabilities:		
Bonds payable- after one year	\$ 6,426,548	\$ ---
Advance from other funds	14,095,000	---
Compensated absences - after one year	15,602	207,333
Net pension liability	584,984	550,902
Total noncurrent liabilities	<u>\$ 21,122,134</u>	<u>\$ 758,235</u>
Total liabilities	<u>\$ 22,242,865</u>	<u>\$ 899,546</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related deferred inflows	<u>\$ 89,059</u>	<u>\$ 96,893</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 54,440,360	\$ 12,912,872
Restricted for post closure costs	---	9,500
Unrestricted	(9,679,556)	3,133,757
Total net position	<u>\$ 44,760,804</u>	<u>\$ 16,056,129</u>

See notes to financial statements

Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
<u>Storm Water Fund</u>	<u>Total</u>	
\$ 2,115,397	\$ 10,149,572	\$ 14,253,062
5,479	30,715	36,833
44,321	1,327,953	9,945
--	2,000	--
--	72,916	35,510
<u>\$ 2,165,197</u>	<u>\$ 11,583,156</u>	<u>\$ 14,335,350</u>
\$ 627,858	\$ 1,612,581	\$ --
--	56,403,860	90,302
--	8,668,936	7,534,434
17,911,218	50,232,898	--
1,007,224	1,335,505	--
(6,181,996)	(30,349,406)	(5,423,993)
<u>\$ 13,364,304</u>	<u>\$ 87,904,374</u>	<u>\$ 2,200,743</u>
<u>\$ 15,529,501</u>	<u>\$ 99,487,530</u>	<u>\$ 16,536,093</u>
<u>\$ 27,305</u>	<u>\$ 214,572</u>	<u>\$ 68,949</u>
\$ 34,261	\$ 284,563	\$ 342,328
9,329	115,623	691,046
--	764,000	--
17,070	158,516	49,897
<u>\$ 60,660</u>	<u>\$ 1,322,702</u>	<u>\$ 1,083,271</u>
\$ --	\$ 6,426,548	\$ --
--	14,095,000	--
54,689	277,624	42,869
144,937	1,280,823	384,805
<u>\$ 199,626</u>	<u>\$ 22,079,995</u>	<u>\$ 427,674</u>
<u>\$ 260,286</u>	<u>\$ 23,402,697</u>	<u>\$ 1,510,945</u>
<u>\$ 17,545</u>	<u>\$ 203,497</u>	<u>\$ 48,521</u>
\$ 13,364,304	\$ 80,717,536	\$ 2,200,743
--	9,500	--
1,914,671	(4,631,128)	12,844,833
<u>\$ 15,278,975</u>	<u>\$ 76,095,908</u>	<u>\$ 15,045,576</u>

**City of Cedar Falls, Iowa**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	Business-type Activities - Enterprise Funds	
	Sewer Fund	Refuse Fund
Operating revenues:		
Charges for services	\$ 5,270,297	\$ 2,695,350
Other	9,224	215,006
Total operating revenues	<u>\$ 5,279,521</u>	<u>\$ 2,910,356</u>
Operating expenses:		
Personal services	\$ 1,044,236	\$ 1,083,636
Contractual services	839,295	1,150,284
Supplies and equipment	648,876	73,338
Depreciation	1,604,661	522,604
Total operating expenses	<u>\$ 4,137,068</u>	<u>\$ 2,829,862</u>
Operating income(loss)	<u>\$ 1,142,453</u>	<u>\$ 80,494</u>
Nonoperating revenues (expenses):		
Interest revenue	\$ 34,915	\$ 21,852
Interest expense	(684,970)	--
Intergovernmental	--	--
Gain (loss) on disposal of equipment	--	(128)
Nonoperating revenues (expenses),net	<u>\$ (650,055)</u>	<u>\$ 21,724</u>
Income(loss) before contributions and transfers	<u>\$ 492,398</u>	<u>\$ 102,218</u>
Capital contributions	\$ 589,981	\$ --
Transfers in	800,000	244,000
Transfers out	(220,130)	(115,940)
Contributions and transfers, net	<u>\$ 1,169,851</u>	<u>\$ 128,060</u>
Change in net position	\$ 1,662,249	\$ 230,278
Net position, beginning	43,098,555	15,825,851
Net position, ending	<u><u>\$ 44,760,804</u></u>	<u><u>\$ 16,056,129</u></u>

See notes to financial statements



Business-type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
Storm Water Fund	Total	
\$ 854,934	\$ 8,820,581	\$ 6,569,055
82,376	306,606	181,904
<u>\$ 937,310</u>	<u>\$ 9,127,187</u>	<u>\$ 6,750,959</u>
\$ 338,856	\$ 2,466,728	\$ 1,045,010
137,968	2,127,547	4,624,247
17,100	739,314	935,054
431,671	2,558,936	349,211
<u>\$ 925,595</u>	<u>\$ 7,892,525</u>	<u>\$ 6,953,522</u>
\$ 11,715	\$ 1,234,662	\$ (202,563)
\$ 12,906	\$ 69,673	\$ 91,667
--	(684,970)	--
118,076	118,076	--
--	(128)	(30,493)
<u>\$ 130,982</u>	<u>\$ (497,349)</u>	<u>\$ 61,174</u>
\$ 142,697	\$ 737,313	\$ (141,389)
\$ 444,087	\$ 1,034,068	\$ --
262,802	1,306,802	334,638
--	(336,070)	(16,778)
<u>\$ 706,889</u>	<u>\$ 2,004,800</u>	<u>\$ 317,860</u>
\$ 849,586	\$ 2,742,113	\$ 176,471
14,429,389	73,353,795	14,869,105
<u>\$ 15,278,975</u>	<u>\$ 76,095,908</u>	<u>\$ 15,045,576</u>

**City of Cedar Falls, Iowa**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	Business-type Activities - Enterprise Funds Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 5,134,824
Receipts from interfund services	--
Payments to suppliers	(1,333,209)
Payments to employees	(1,177,977)
Net cash provided by operating activities	<u>\$ 2,623,638</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	\$ 800,000
Transfers to other funds	(220,130)
Receipts from other governments	--
Net cash provided by (used for) noncapital financing activities	<u>\$ 579,870</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Net acquisition of property and equipment	\$ (1,139,050)
Capital contributions	589,981
Principal paid on debt maturities	(946,000)
Payments on advance from other funds	(855,000)
Interest paid	(696,046)
Net cash (used for) capital and related financing activities	<u>\$ (3,046,115)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	<u>\$ 23,840</u>
Net increase (decrease) in cash	\$ 181,233
<b>CASH BALANCES, Beginning</b>	<u>4,235,206</u>
<b>CASH BALANCES, Ending</b>	<u><u>\$ 4,416,439</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income (loss)	\$ 1,142,453
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,604,661
(Increase) decrease in:	
Customer and other receivables	(27,691)
Inventories	3,330
Increase (decrease) in accounts payable, accrued and other liabilities	20,889
(Increase) decrease in deferred outflows of resources	6,083
Increase (decrease) in deferred inflows of resources	(126,087)
Net cash provided by operating activities	<u><u>\$ 2,623,638</u></u>

See notes to financial statements

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Refuse Fund	Storm Water Fund	Total	
\$ 2,691,239	\$ 841,337	\$ 8,667,400	\$ --
--	--	--	6,569,055
(1,056,059)	(69,300)	(2,458,568)	(5,408,294)
(1,093,388)	(340,811)	(2,612,176)	(1,253,882)
<u>\$ 541,792</u>	<u>\$ 431,226</u>	<u>\$ 3,596,656</u>	<u>\$ (93,121)</u>
\$ 244,000	\$ 262,802	\$ 1,306,802	\$ 334,638
(115,940)	--	(336,070)	(16,778)
18,000	147,787	165,787	--
<u>\$ 146,060</u>	<u>\$ 410,589</u>	<u>\$ 1,136,519</u>	<u>\$ 317,860</u>
\$ (201,519)	\$ (1,558,705)	\$ (2,899,274)	\$ (209,984)
--	444,087	1,034,068	--
--	--	(946,000)	--
--	--	(855,000)	--
--	--	(696,046)	--
<u>\$ (201,519)</u>	<u>\$ (1,114,618)</u>	<u>\$ (4,362,252)</u>	<u>\$ (209,984)</u>
\$ 15,630	\$ 9,440	\$ 48,910	\$ 67,147
\$ 501,963	\$ (263,363)	\$ 419,833	\$ 81,902
3,115,773	2,378,760	9,729,739	14,171,160
<u>\$ 3,617,736</u>	<u>\$ 2,115,397</u>	<u>\$ 10,149,572</u>	<u>\$ 14,253,062</u>
\$ 80,494	\$ 11,715	\$ 1,234,662	\$ (202,563)
522,604	431,671	2,558,936	349,211
(5,328)	(13,597)	(46,616)	(1,528)
12,557	--	15,887	9,670
41,156	36,306	98,351	(159,627)
(962)	(154)	4,967	2,392
(108,729)	(34,715)	(269,531)	(90,676)
<u>\$ 541,792</u>	<u>\$ 431,226</u>	<u>\$ 3,596,656</u>	<u>\$ (93,121)</u>

**CITY OF CEDAR FALLS, IOWA  
NOTES TO FINANCIAL STATEMENTS  
INDEX**

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## **Note 1. Summary of Significant Accounting Policies**

### **A. Reporting Entity**

The City of Cedar Falls is a municipal corporation governed by an elected mayor and seven-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City. The discretely presented electric, gas, water, and communications utilities each have a December 31 year end.

*Discretely Presented Component Units.* The electric, gas, water, and communications utilities serve all the citizens of the City and are governed by a five-member board appointed by the mayor of the City of Cedar Falls. The rates for user charges and bond issuance authorizations are approved by the City Council, and the legal liability for the general obligation portion of the Utilities' debt remains with the City.

Complete financial statements for the Utilities may be obtained at the administrative offices.

Cedar Falls Utilities  
Utility Parkway  
Cedar Falls, Iowa 50613

*Jointly Governed Organizations.* The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Black Hawk County Consolidated Public Safety Communications Center, Black Hawk County Solid Waste Management Commission, Black Hawk County Criminal Justice Information Systems and Metropolitan Transit Authority.

### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position are reported in three categories.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net position* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consist of net position that do not meet the definition of the two preceding categories. Unrestricted net position often have constraints on resources that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, interest, fines and forfeitures, and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other grant requirements have been met, and the criteria for accrual has been met.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *hospital fund* accounts for the lease income derived from Sartori Memorial Hospital.

The *TIF fund* accounts for property taxes received through tax increment financing.

The *street repair fund* accounts for local option sales tax received from the state to be used to repair streets.

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

The *street improvement fund* accounts for the state revenues received by the City for transfer of jurisdiction of University Avenue to be used to improve the City's streets.

The *capital improvements fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The *bond fund* accounts for all bond proceeds not related to proprietary funds and all the related capital projects associated with the bond sales.

The City reports the following major proprietary funds:

The *sewer fund* accounts for the operations and maintenance of the City's sanitary sewer system.

The *refuse fund* accounts for the operations and maintenance of the City's garbage collection.

The *storm water fund* accounts for the operations and maintenance of the City's storm water system.

Additionally, the City reports the following fund type:

*Internal service funds* account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. These include data processing, vehicle maintenance, health insurance, health insurance severance, payroll, and risk management activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments between the government's refuse and sewer functions and various other functions of the government. Elimination of the charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the refuse fund, sewer fund, and the government's internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City and the Utility to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high-rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. Investments of the City and the Utility are reported at fair value. Due to legal and budgetary reasons, the General Fund is assigned a portion of the investment earnings associated with the other funds. These funds are Street Construction, Debt Service, and the Cemetery Perpetual Care Funds.

**2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The County Treasurer bills and collects taxes for the City. Taxes for the year ended June 30, 2016, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2015 and March 31, 2016. Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Any County collections on the 2015-2016 tax levy remitted to the City within sixty days subsequent to June 30, 2016, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2016, are delinquent and have been recorded as receivables and unavailable revenues.

By statute, the City is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow and will not be recognized as revenue until the year for which it is levied.

**3. Inventories and Prepaid Items**

Inventories in the governmental fund types are valued at cost using the first-in/first-out method. The costs of governmental fund type inventories are recognized as expenditures when purchased. Inventories in the proprietary fund types and component unit are valued at the lower of first-in/first-out cost or market, except for fuel inventories of the Electric Utility, which are valued at the lower of last-in/first-out method cost or market. The cost of proprietary fund type and component unit inventories are recognized as expenses when consumed.



Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **4. *Restricted Assets***

Certain assets of the component units are restricted because of applicable bond provisions.

#### **5. *Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. Capital assets are defined by the government as equipment with initial, individual cost of \$5,000 or greater or a purchase of land, land improvements, building, or infrastructure with a value of \$5,000 or greater and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Computer Equipment	5 years	Streets	30 years
Equipment	10-30 years	Buildings	40-50 years
Office Equipment	10-30 years	Land Improvements	20-40 years
Vehicles	10-20 years	Storm Water	40 years
Parking Lots	15 years	Bridges	45 years
Furniture	20 years	Lift Stations	50 years
Large Vehicles	20-40 years	Sewer	50 years
Traffic Signals	20 years	Historic Buildings	100 years

#### **6. *Deferred Outflows of Resources***

Deferred Outflows of Resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

#### **7. *Compensated Absences***

City employees accumulate vacation, sick leave, and comp-time hours for subsequent use or for payment upon termination, death, or retirement. Earned vacation pay and a maximum of one-half of all unused sick leave may be paid upon termination of employment.

All severance is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absence liability has been computed based on rates of pay in effect on June 30, 2016.

#### **8. Long-term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System and the Municipal Fire and Police Retirement System (Systems') and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems'. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **9. Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and other unrecognized items not yet charged to pension expense.

#### **10. Fund Balance Policies**

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council by adoption of an ordinance prior to the end of the fiscal year). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has by resolution authorized the Finance Manager to assign fund balance.
- Unassigned fund balance – amounts not included in other spendable classifications reported. The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds. The General Fund is the only fund that reports a positive unassigned fund balance amount.

As of June 30, 2016, fund balances are composed of the following:

<u>Fund Balance Classification</u>	<u>Purpose</u>	<u>Fund</u>	<u>Amount</u>
Nonspendable	Inventory	General	\$ 164,808
	Note Receivable	Capital Improvements	75,000
	Inventory	Non-major Governmental Funds	603,404
			<u>\$ 843,212</u>
Restricted	TIF Debt	TIF	\$ 26,284
	Street Repair	Street Repair	14,818,242
	Debt Service	Debt Service	466,400
	Community Block Grant	Non-major Governmental Funds	102,997
	Housing Assistance	Non-major Governmental Funds	551,367
	Employee Retirement Systems	Non-major Governmental Funds	5,671,268
	Visitors & Tourism	Non-major Governmental Funds	854,237
	Road Use Tax	Non-major Governmental Funds	6,605,514
	Cemetery Perpetual Care	Non-major Governmental Funds	394,588
			<u>\$ 29,490,897</u>
Committed	Health Services	Hospital	\$ 16,919,008
	Parking	Non-major Governmental Funds	901,649
			<u>\$ 17,820,657</u>
Assigned	Cultural Services	General	\$ 152,323
	Recreational Services	General	2,437,509
	Street Improvement	Street Improvement	10,179,859
	Capital Projects	Capital Improvements	18,946,630
	Capital Projects	Non-major Governmental Funds	8,335,231
			<u>\$ 40,051,552</u>

The City Council has adopted a minimum cash reserve policy. Those amounts are as follows:

General Fund: 15-25% of next year's expenditures and preferably at the 20-25% level

Refuse Fund: 20-30%, but no less than \$500,000.

Sewer Fund: 65-75%, but no less than \$1,500,000.

Street Fund: 20-30%, but no less than \$1,000,000.

Storm Water Fund: 10-20%, but no less than \$200,000

#### **11. Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### **Note 2. Stewardship, Compliance, and Accountability**

#### **A. Budgetary information**

The City prepares and adopts an annual budget on a function basis for the City as a whole, rather than at the fund level, as prescribed by Iowa statutes. The state of Iowa mandates that annual budgets for the fiscal year beginning July 1 be certified to the County Auditor no later than March 15 preceding the beginning of the fiscal year. The review and adoption of the budget for the City is in accordance with state laws and City budget procedures as stated in City Code, recodified November 1971, and amended by ordinance adoption thereafter. Budget proposals for all operating department requests are conducted by the Department of Finance and Business Operations who prepares, for the Mayor's consideration, a preliminary budget by January 1 of each year for the coming fiscal year. The budget proposal presented to the City Council by the Mayor, City Administrator, and Director of Finance and Business Operations is a complete financial plan for the upcoming fiscal year. The proposal is submitted on or before the first Monday of February. The City Council holds various budget meetings with the Mayor, City Administrator, department heads, and boards and commissions, as well as holding a public hearing prior to adopting the budget. The Council adopts the budget by resolution and certifies it to the County Auditor by the 15th of March preceding the beginning of the fiscal year. This budget becomes the appropriation for operations of the City.

The adopted budget presents expenditures in nine functions- Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, and Business-type Activities. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the function level. Appropriations as adopted lapse at the end of the fiscal year.

Amendments to the City budget are considered annually as funding sources are available. Management is not authorized to amend the budget or to make budgetary transfers between functions without the approval of the City Council. An additional levy of property taxes is not allowed by state law. The City budget for the current year may be amended for any of the following purposes:

- To permit the appropriation and expenditure of unexpended, unencumbered fund balances on hand at the end of the preceding fiscal year.
- To permit the appropriation and expenditure of amounts anticipated being available from sources other than property taxation.
- To permit transfers between funds as prescribed by state law.
- To permit transfers between functions.

The Council adopts the amended budget by resolution and certifies it to the County Auditor by May 31 of the budget year. The amended budget becomes the appropriation for operations of the City. The City Council adopted two budget amendment resolutions during the year ended June 30, 2016.

Due to the emphasis placed on monitoring budgets, as a result of limited resources to provide City services, major classifications such as personal services, capital outlays, contractual services, and commodities are monitored throughout the year by the Department of Finance and Business Operations.

Monthly reports are prepared by department and activity. Any major deviations must be approved by the Department of Finance and Business Operations and the Mayor. While the legal level of control is the program level of expenditure, departments are responsible for not expending more than the amount of the appropriation for each activity within their area of responsibility, unless approved by the Department of Finance and Business Operations and the Mayor.

The City budgets all receipts, disbursements, and interfund and intrafund transfers on the cash basis plus recorded accounts payable. The budget amounts included in this report are the final cash basis budget for the year for all funds excluding the trust and agency funds, which are not budgeted for by the City. Budgeted interfund transfers and intrafund transfers have been eliminated in the following statement of program disbursements - budget and actual.

Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the General Fund and most of the special revenue funds, unexpended budgeted amounts lapse at the end of the budget year.

## **B. Deficit Fund Balances**

The Bond fund, a major capital projects fund, has a deficit fund balance of \$2,040,908. This deficit fund balance is expected to be recovered through future bond sales. The Sidewalk Assessment fund, a non-major capital projects fund, has a deficit fund balance of \$3,911. The deficit fund balance is expected to be recovered through future property tax special assessments.

**Note 3. Detailed Notes On All Funds**

**A. Deposits and Investments**

The City's deposits in banks and credit unions at June 30, 2016 were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the City or the City's agent in the City's name or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Cash balances as of June 30, 2016, consist of the following:

Cash – unrestricted	\$ <u>106,219,120</u>
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A reconciliation of cash as shown on the combined balance sheet for the primary government follows:

Carrying amount of deposits	\$ 106,219,120
Cash – Governmental Activities	\$ 96,069,548
Cash – Business-type Activities	10,149,572
Total	<u>\$ 106,219,120</u>

*Interest Rate Risk:* The City's investment policy limits the investments of operating funds (funds expected to be expended in the current budget year or within fifteen months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

*Credit Risk:* The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The City did not invest in any commercial paper or other corporate debt during the year.

*Concentration of credit risk:* The City's investment policy does not allow for a prime bankers' acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to five percent of its total deposits and investments. The City held no such investments during the year.

*Custodial credit risk – deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's deposits are entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the

Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

*Custodial credit risk – investments:* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City did not hold any investments during the year.

The component units' deposits were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the entity or its agent in the entity's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Cash balances as of December 31, 2016, consist of the following:

	Electric Utility	Gas Utility	Water Utility	Communications Utility
Cash – unrestricted	\$ 42,931,716	\$ 11,671,590	\$ 5,236,725	\$ 3,505,817
Cash – restricted	2,191,669	103,590	76,498	317,987
	<u>\$ 45,123,385</u>	<u>\$ 11,775,180</u>	<u>\$ 5,313,223</u>	<u>\$ 3,823,804</u>

A reconciliation of cash and investments as shown on the statement of net position for the component units follows:

	Electric Utility	Gas Utility	Water Utility	Communications Utility
Carrying amount of deposits	\$ 45,123,385	\$ 11,775,180	\$ 5,313,223	\$ 3,823,804
Carrying amount of certificates	6,290,000	--	--	1,441,000
Total	<u>\$ 51,413,385</u>	<u>\$ 11,775,180</u>	<u>\$ 5,313,223</u>	<u>\$ 5,264,804</u>
Cash	\$ 42,931,716	\$ 11,671,590	\$ 5,236,725	\$ 3,505,817
Cash - Restricted	2,191,669	103,590	76,498	317,987
Investments:				
Certificates of deposit	500,000	--	--	--
Certificates of deposit - restricted	5,790,000	--	--	1,441,000
Total	<u>\$ 51,413,385</u>	<u>\$ 11,775,180</u>	<u>\$ 5,313,223</u>	<u>\$ 5,264,804</u>

**B. Receivable**

On June 30, 2016, the City has recorded a \$4,041,221 receivable for library, recreation, and cultural contributions held by the Cedar Falls Civic Foundation. The funds will be used to support library services, recreation services, and the cultural center, therefore is reported as an asset to the General Fund.

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2016 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 36,225,418	\$ 1,106,612	\$ --	\$ 37,332,030
Construction in progress	9,005,746	11,942,442	6,530,187	14,418,001
Total capital assets, not being depreciated	<u>\$ 45,231,164</u>	<u>\$ 13,049,054</u>	<u>\$ 6,530,187</u>	<u>\$ 51,750,031</u>
Capital assets, being depreciated:				
Buildings	\$ 26,157,453	\$ 736,598	\$ --	\$ 26,894,051
Land Improvements	13,175,353	6,400		13,181,753
Machinery and equipment	18,053,074	809,814	417,649	18,445,239
Infrastructure	178,872,763	10,471,510	--	189,344,273
Total capital assets, being depreciated	<u>\$ 236,258,643</u>	<u>\$ 12,024,322</u>	<u>\$ 417,649</u>	<u>\$ 247,865,316</u>
Less accumulated depreciation for:				
Buildings	\$ 9,768,480	\$ 636,768	\$ --	\$ 10,405,248
Land Improvements	5,954,062	486,088		6,440,150
Machinery and equipment	11,470,116	853,424	339,637	11,983,903
Infrastructure	84,057,514	5,917,929	--	89,975,443
Total accumulated depreciation	<u>\$ 111,250,172</u>	<u>\$ 7,894,209</u>	<u>\$ 339,637</u>	<u>\$ 118,804,744</u>
Total capital assets, being depreciated, net	<u>\$ 125,008,471</u>	<u>\$ 4,130,113</u>	<u>\$ 78,012</u>	<u>\$ 129,060,572</u>
Governmental activities capital assets, net	<u>\$ 170,239,635</u>	<u>\$ 17,179,167</u>	<u>\$ 6,608,199</u>	<u>\$ 180,810,603</u>



	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,612,581	\$ --	\$ --	\$ 1,612,581
Construction in progress	1,763,507	1,063,942	1,491,944	1,335,505
Total capital assets, not being depreciated	<u>\$ 3,376,088</u>	<u>\$ 1,063,942</u>	<u>\$ 1,491,944</u>	<u>\$ 2,948,086</u>
Capital assets, being depreciated:				
Buildings	\$ 55,333,594	\$ 1,070,266	\$ --	\$ 56,403,860
Machinery and equipment	8,431,633	251,203	13,900	8,668,936
Infrastructure	48,225,483	2,007,415	--	50,232,898
Total capital assets, being depreciated	<u>\$ 111,990,710</u>	<u>\$ 3,328,884</u>	<u>\$ 13,900</u>	<u>\$ 115,305,694</u>
Less accumulated depreciation for:				
Buildings	\$ 7,572,441	\$ 1,173,873	\$ --	\$ 8,746,314
Machinery and equipment	3,217,884	357,790	12,164	3,563,510
Infrastructure	17,012,309	1,027,273	--	18,039,582
Total accumulated depreciation	<u>\$ 27,802,634</u>	<u>\$ 2,558,936</u>	<u>\$ 12,164</u>	<u>\$ 30,349,406</u>
Total capital assets, being depreciated, net	<u>\$ 84,188,076</u>	<u>\$ 769,948</u>	<u>\$ 1,736</u>	<u>\$ 84,956,288</u>
Business-type activities capital assets, net	<u>\$ 87,564,164</u>	<u>\$ 1,833,890</u>	<u>\$ 1,493,680</u>	<u>\$ 87,904,374</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

Public safety	\$ 114,216
Public works	5,968,098
Health and social services	148,978
Culture and recreation	1,138,762
Community and economic development	14,642
General government	160,302
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	349,211
Total depreciation expense - governmental activities	<u>\$ 7,894,209</u>

**Business-type activities**

Sewer	\$ 1,604,661
Refuse	522,604
Storm Water	431,671
Total depreciation expense - business-type activities	<u>\$ 2,558,936</u>

### Construction Commitments

The City has active construction projects as of June 30, 2016. At year-end the City's commitments with contractors are as follows:

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Biocell Maintenance	\$ 16,200	\$ 11,438	\$ 4,762
Birdsall Watershed	42,743	27,779	14,964
Bridge Maintenance	33,316	31,734	1,582
Dam Safety Improvements	185,300	67,135	118,165
Disinfection	3,594,645	3,555,800	38,845
Downtown Levee Improvements	599,500	520,210	79,290
Dry Run Creek Sewer	250,000	25,036	224,964
Dry Run Creek Watershed	559,359	16,299	543,060
Industrial Park Patching	323,781	190,056	133,725
Permeable Alley	215,425	--	215,425
Seal Coat	106,315	--	106,315
Sewer Rehab	274,258	--	274,258
Slope Repair	106,587	--	106,587
Street Reconstruction	2,479,540	975,195	1,504,345
Street Restoration	1,706,772	980,300	726,472
Traffic Study	70,500	18,558	51,942
University Ave. Reconstruction	19,436,672	9,423,276	10,013,396
West Viking Road	2,165,173	2,151,400	13,773
	<u>\$ 32,166,086</u>	<u>\$ 17,994,216</u>	<u>\$ 14,171,870</u>

### Discretely Presented Component Units

Activity for the Electric Utility for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,373,577	\$ 503,227	--	\$ 1,876,804
Construction in progress	10,205,174	6,128,600	14,516,993	1,816,781
Total capital assets, not being depreciated	<u>\$ 11,578,751</u>	<u>\$ 6,631,827</u>	<u>\$ 14,516,993</u>	<u>\$ 3,693,585</u>
Capital assets, being depreciated:				
Buildings	\$ 32,171,754	\$ 793,238	\$ 35,872	\$ 32,929,120
Land improvements	4,683	--	--	4,683
Machinery and equipment	20,432,498	623,700	250,212	20,805,986
Infrastructure	171,616,108	12,596,828	513,162	183,699,774
Total capital assets, being depreciated	<u>\$ 224,225,043</u>	<u>\$ 14,013,766</u>	<u>\$ 799,246</u>	<u>\$ 237,439,563</u>
Less accumulated depreciation for:				
Buildings	\$ 10,447,116	\$ 360,378	\$ 36,824	\$ 10,770,670
Land improvements	4,613	21	--	4,634
Machinery and equipment	10,357,853	1,573,821	250,142	11,681,532
Infrastructure	59,323,836	3,337,931	938,766	61,723,001
	<u>\$ 80,133,418</u>	<u>\$ 5,272,151</u>	<u>\$ 1,225,732</u>	<u>\$ 84,179,837</u>
Total capital assets, being depreciated, net	<u>\$ 144,091,625</u>	<u>\$ 8,741,615</u>	<u>\$ (426,486) *</u>	<u>\$ 153,259,726</u>
Electric Utility capital assets, net	<u>\$ 155,670,376</u>	<u>\$ 15,373,442</u>	<u>\$ 14,090,507</u>	<u>\$ 156,953,311</u>

\*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

Activity for the Gas Utility for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 25,867	\$ --	\$ 250	\$ 25,617
Construction in progress	89,592	1,000,926	1,045,173	45,345
Total capital assets, not being depreciated	<u>\$ 115,459</u>	<u>\$ 1,000,926</u>	<u>\$ 1,045,423</u>	<u>\$ 70,962</u>
Capital assets, being depreciated:				
Buildings	\$ 3,196,800	\$ 99,533	\$ 25,475	\$ 3,270,858
Machinery and equipment	651,424	2,917	--	654,341
Infrastructure	20,511,245	942,723	83,021	21,370,947
Total capital assets, being depreciated	<u>\$ 24,359,469</u>	<u>\$ 1,045,173</u>	<u>\$ 108,496</u>	<u>\$ 25,296,146</u>
Less accumulated depreciation				
Buildings	\$ 464,632	\$ 77,115	\$ 25,475	\$ 516,272
Machinery and equipment	315,266	36,685	--	351,951
Infrastructure	10,258,972	782,670	85,634	10,956,008
	<u>\$ 11,038,870</u>	<u>\$ 896,470</u>	<u>\$ 111,109</u>	<u>\$ 11,824,231</u>
Total capital assets, being depreciated, net	<u>\$ 13,320,599</u>	<u>\$ 148,703</u>	<u>\$ (2,613) *</u>	<u>\$ 13,471,915</u>
Gas Utility capital assets, net	<u>\$ 13,436,058</u>	<u>\$ 1,149,629</u>	<u>\$ 1,042,810</u>	<u>\$ 13,542,877</u>

\*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

Activity for the Water Utility for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 63,466	\$ --	\$ --	\$ 63,466
Construction in progress	111,014	2,192,464	2,264,820	38,658
Total capital assets, not being depreciated	<u>\$ 174,480</u>	<u>\$ 2,192,464</u>	<u>\$ 2,264,820</u>	<u>\$ 102,124</u>
Capital assets, being depreciated:				
Buildings	\$ 2,000,283	\$ 53,298	\$ --	\$ 2,053,581
Machinery and equipment	1,338,936	25,838	--	1,364,774
Infrastructure	29,142,140	2,185,684	72,347	31,255,477
Total capital assets, being depreciated	<u>\$ 32,481,359</u>	<u>\$ 2,264,820</u>	<u>\$ 72,347</u>	<u>\$ 34,673,832</u>
Less accumulated depreciation				
Buildings	\$ 190,182	\$ 32,623	\$ --	\$ 222,805
Machinery and equipment	214,443	19,477	--	233,920
Infrastructure	9,740,393	650,761	79,668	10,311,486
Total accumulated depreciation	<u>\$ 10,145,018</u>	<u>\$ 702,861</u>	<u>\$ 79,668</u>	<u>\$ 10,768,211</u>
Total capital assets, being depreciated, net	<u>\$ 22,336,341</u>	<u>\$ 1,561,959</u>	<u>\$ (7,321) *</u>	<u>\$ 23,905,621</u>
Water Utility capital assets, net	<u>\$ 22,510,821</u>	<u>\$ 3,754,423</u>	<u>\$ 2,257,499</u>	<u>\$ 24,007,745</u>

\*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

Activity for the Communications Utility for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,177	\$ --	\$ --	\$ 2,177
Construction in progress	550,835	2,494,489	2,344,059	701,265
Total capital assets, not being depreciated	\$ 553,012	\$ 2,494,489	\$ 2,344,059	\$ 703,442
Capital assets, being depreciated:				
Machinery and equipment	\$ 17,421,166	\$ 1,262,603	\$ 500,150	\$ 18,183,619
Infrastructure	16,809,957	1,081,456	267,331	17,624,082
Total capital assets, being depreciated	\$ 34,231,123	\$ 2,344,059	\$ 767,481	\$ 35,807,701
Less accumulated depreciation				
Machinery and equipment	\$ 145,606	\$ 16,645	\$ --	\$ 162,251
Infrastructure	8,084,211	2,215,371	786,158	9,513,424
Total accumulated depreciation	\$ 8,229,817	\$ 2,232,016	\$ 786,158	\$ 9,675,675
Total capital assets, being depreciated, net	\$ 26,001,306	\$ 112,043	\$ (18,677) *	\$ 26,132,026
Communications Utility capital assets, net	\$ 26,554,318	\$ 2,606,532	\$ 2,325,382	\$ 26,835,468

\*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

#### D. Lease

##### Sartori Memorial Hospital

On January 1, 1997, the operations of Sartori Memorial Hospital (Hospital) were sold to Covenant Health Systems, Inc. As part of this sale, the City entered into a lease agreement with Sartori Memorial Hospital, Inc. (SMH), whereas the City will lease to SMH the land and buildings owned by the City and used in the Hospital's operations. The initial term of the lease shall be for a period of 25 years, with variable lease payments each year. The lease may be extended for up to three additional terms, with each additional term being for a period of five years. At the termination of this lease, Covenant Health Systems, Inc. will also pay to the City an amount of \$660,378, which represents the liability arising from accrued vacation of Hospital personnel as of December 31, 1996. The present value of this liability as of June 30, 2016, is recorded as a receivable and deferred inflow of resources in the Hospital Fund in the amount of \$616,908.

The lease for the Hospital is being treated as an operating lease by the City. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30,</u>	<u>Hospital</u>
2017	\$ 31,796
2018	31,796
2019	31,796
2020	31,796
2021	31,793
Total	<u>\$ 158,977</u>

The capital asset being leased through the operating lease is as follows:

	<u>Governmental Activities</u>
	<u>Hospital</u>
Land	\$ 151,494
Building	5,873,537
Less:	
Accumulated depreciation	<u>(2,651,280)</u>
Total	<u>\$ 3,373,751</u>

## E. Non-Current Liabilities

Following is a summary of the City's changes in long-term liabilities for the year-ended June 30, 2016, and the total liability of the City as of that date as reported on the government-wide statement of net position:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General Obligation bonds/notes <sup>(2)</sup>	\$ 4,790,677	\$ --	\$ 1,058,635	\$ 3,732,042	\$ 1,145,000
Compensated absences <sup>(1)</sup>	2,649,806	164,297	231,717	2,582,386	928,117
Net pension liability	11,007,081	2,432,804	--	13,439,885	--
Net OPEB liability	218,126	251,868	127,696	342,298	--
<b>Total Long-Term Liabilities</b>	<b>\$ 18,665,690</b>	<b>\$ 2,848,969</b>	<b>\$ 1,418,048</b>	<b>\$ 20,096,611</b>	<b>\$ 2,073,117</b>
<b>Business-type activities:</b>					
General Obligation bonds/notes <sup>(3)</sup>	\$ 1,650,539	\$ --	\$ 670,991	\$ 979,548	\$ 485,000
State Revolving Loan	6,482,000	--	271,000	6,211,000	279,000
Compensated absences	517,042	20,266	101,168	436,140	158,516
Net pension liability	1,093,475	187,348	--	1,280,823	--
<b>Total Long-Term Liabilities</b>	<b>\$ 9,743,056</b>	<b>\$ 207,614</b>	<b>\$ 1,043,159</b>	<b>\$ 8,907,511</b>	<b>\$ 922,516</b>

(1) The majority of compensated absences expenditures are paid for out of the General Fund.

(2) Bonds/notes were sold at a discount; unamortized discount at June 30, 2016 totaled \$32,958.

(3) Bonds/notes were sold at a discount; unamortized discount at June 30, 2016 totaled \$5,452.



## General Obligation Bonds/Notes

Four issues of unmatured general obligation bonds/notes totaling \$4,711,590, net of unamortized discount of \$38,410 are outstanding as of June 30, 2016. These notes bear interest at rates of .40% to 3.80%; mature in varying annual amounts through June 30, 2024; and were originally issued for \$15,890,000.

Details of general obligation bonds/notes payable at June 30, 2016 are as follows:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Amount Originally Issued</u>	<u>Outstanding 30-Jun-16</u>
Governmental Activities:						
General Obligation Capital Loan Notes	4/28/2008	2.50-3.70%	6/1/2018	385,000-450,000	4,820,000	880,000
General obligation Capital Loan Notes	11/23/2009	1.00-3.80%	6/1/2024	165,000-380,000	3,440,000	2,125,000
General Obligation refunding Capital Loan Notes	4/23/2012	.40-1.20%	6/1/2018	360,000-935,000	3,320,000	760,000
Total Governmental Activities						<u>\$ 3,765,000</u>
Business Activities:						
General Obligation Bonds'	4/28/2008	2.30-3.70%	6/1/2018	375,000-500,000	4,310,000	985,000
Total Business Activities						<u>\$ 985,000</u>

Annual debt service requirements to maturing for general obligation bonds/notes are as follows:

Year Ending June 30,	Govenmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 1,145,000	\$ 109,555	\$ 485,000	\$ 35,718
2018	1,175,000	81,278	500,000	18,500
2019	365,000	49,718	---	---
2020	380,000	38,402	---	---
2021	165,000	25,673	---	---
2022-2024	535,000	40,625	---	---
Total	<u>\$ 3,765,000</u>	<u>\$ 345,251</u>	<u>\$ 985,000</u>	<u>\$ 54,218</u>

#### State Revolving Loan

In July 2011, the City entered into a loan and disbursement agreement with the Iowa Finance Authority for the issuance of sewer revenue capital loan notes under the State Revolving Fund Program. These notes financed the major renovation project at the City's water treatment facility related to disinfection compliance. As of June 30, 2016, \$6,211,000 is outstanding. Annual debt service requirements to maturity for this loan are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2017	\$ 279,000	\$ 201,858
2018	288,000	192,790
2019	298,000	183,430
2020	308,000	173,745
2021	318,000	163,735
2022-2026	1,751,000	656,825
2027-2031	2,052,000	353,308
2032-2033	917,000	44,948
Total	<u>\$ 6,211,000</u>	<u>\$ 1,970,639</u>

### Debt Limitation

As of June 30, 2016, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

Estimated actual valuation of taxable property within the City	<u>\$ 2,848,422,521</u>
Debt limit - 5% of total actual valuation	\$ 142,421,126
Debt applicable to debt limit:	
General obligation bonds/Capital loan notes	4,750,000
General obligation bonds - component unit	<u>1,170,000</u>
Legal debt margin	<u>\$ 136,501,126</u>

All tax-exempt debt issued by the City is subject to IRS arbitrage rebate unless the City meets the \$5 million small issuers exemption in a given year. As of June 30, 2016, the City had no arbitrage liability.

## Non-Current Liabilities – Electric Utility

Non-Current liability activity for the year ended December 31, 2015 was as follows:

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
Series 2005	\$ 17,760,000	\$ --	\$ 17,760,000	\$ --	\$ --
Series 2007	13,305,000	--	13,305,000	--	--
Capital Loan Notes:					
Series 2010A	8,380,000	--	420,000	7,960,000	430,000
Series 2010B	6,670,000	--	650,000	6,020,000	670,000
Series 2015	--	26,395,000	--	26,395,000	2,140,000
Total bonds	\$ 46,115,000	\$ 26,395,000	\$ 32,135,000	\$ 40,375,000	\$ 3,240,000
Less: Unamortized					
discount	216,434	31,951	217,389	30,996	--
Add: Unamortized					
premium	322,239	3,125,072	321,598	3,125,713	--
Total long-term debt	\$ 46,220,805	\$ 29,488,121	\$ 32,239,209	\$ 43,469,717	\$ 3,240,000
Compensated absences and net OPEB liability	1,544,995	234,344	191,409	1,587,930	--
Net pension liability	4,208,071	746,547	--	4,954,618	--
Total non-current liabilities	<u>\$ 51,973,871</u>	<u>\$ 30,469,012</u>	<u>\$ 32,430,618</u>	<u>\$ 50,012,265</u>	<u>\$ 3,240,000</u>

### Capital Loan Notes – Electric Utility

The 2010A, 2010B and 2015 revenue capital loan notes require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates are in a range between 2.50% and 5.00% The capital loan notes are secured by the future net revenues of the Utility.

Component Unit - Capital Loan Notes				
Year		Principal		Interest
2016	\$	3,240,000	\$	1,694,642
2017		3,370,000		1,557,993
2018		3,525,000		1,415,317
2019		3,680,000		1,263,943
2020		3,850,000		1,102,605
2021 - 2025		18,230,000		2,828,370
2026 - 2030		4,480,000		490,925
	\$	40,375,000	\$	10,353,795

### Non-Current Liabilities – Gas Utility

Non-Current liability activity for the year ended December 31, 2015 was as follows:

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences and net OPEB liability	\$ 274,707	\$ 47,003	\$ 42,171	\$ 279,539	\$ --
Net pension liability	1,187,894	227,798	--	1,415,692	--
Total non-current liabilities	<u>\$ 1,462,601</u>	<u>\$ 274,801</u>	<u>\$ 42,171</u>	<u>\$ 1,695,231</u>	<u>\$ --</u>

### Non-Current Liabilities – Water Utility

Non-Current liability activity for the year ended December 31, 2015 was as follows:

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences and net OPEB liability	\$ 201,303	\$ 24,527	\$ 29,694	\$ 196,136	\$ --
Net pension liability	839,411	152,389	--	991,800	--
Total non-current liabilities	<u>\$ 1,040,714</u>	<u>\$ 176,916</u>	<u>\$ 29,694</u>	<u>\$ 1,187,936</u>	<u>\$ --</u>

### Non-Current Liabilities – Communications Utility

Non-Current liability activity for the year ended December 31, 2015 was as follows:

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Capital loan notes					
Series 2009	\$ 1,275,000	\$ --	\$ 105,000	\$ 1,170,000	\$ 110,000
Revenue capital loan notes					
Series 2009	1,955,000	--	165,000	1,790,000	170,000
Revenue capital loan notes					
Series 2010	<u>8,930,000</u>	<u>--</u>	<u>1,360,000</u>	<u>7,570,000</u>	<u>1,400,000</u>
	\$ 12,160,000	\$ --	\$ 1,630,000	\$ 10,530,000	\$ 1,680,000
Less: unamortized discount on debt	4,855	--	406	4,449	--
Add: unamortized premium on debt	<u>358,627</u>	<u>--</u>	<u>52,930</u>	<u>305,697</u>	<u>--</u>
Total long-term debt	\$ 12,513,772	\$ --	\$ 1,682,524	\$ 10,831,248	\$ 1,680,000
Compensated absences and net OPEB liability	265,737	68,090	91,653	242,174	--
Net pension liability	1,716,179	324,335	--	2,040,514	--
Total non-current liabilities	<u>\$ 14,495,688</u>	<u>\$ 392,425</u>	<u>\$ 1,774,177</u>	<u>\$ 13,113,936</u>	<u>\$ 1,680,000</u>

### **General Obligation Capital Loan Notes – Communications Utility**

All general obligation (G.O.) bonds and notes have been issued by the City on behalf of the Utility. The G.O. notes require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the notes are in a range between 2.70% and 3.80%. The total debt service obligations over the remaining term of the notes are as follows:

Year Ending	Component Unit - G.O. Capital Loan Notes	
	Principal	Interest
2016	\$ 110,000	\$ 39,340
2017	115,000	36,370
2018	120,000	33,035
2019	125,000	29,315
2020	130,000	25,315
2021-2024	570,000	53,700
	<u>\$ 1,170,000</u>	<u>\$ 217,075</u>

### **Revenue Capital Loan Notes – Communications Utility**

The Series 2009 and 2010 revenue capital loan notes require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the notes are in a range between 3.0% and 4.3%. The notes are secured by the future net revenues of the Utility. The bonds mature and bear interest as follows:

Year Ending	Component Unit - Revenue Capital Loan Notes	
	Principal	Interest
2016	\$ 1,570,000	\$ 301,110
2017	1,630,000	252,310
2018	1,690,000	201,660
2019	1,760,000	149,160
2020	1,830,000	94,460
2021-2024	880,000	95,993
	<u>\$ 9,360,000</u>	<u>\$ 1,094,693</u>

The bond resolution provides certain covenants relating to the collection, segregation, and distribution of revenues from customers; places certain restrictions on the future of borrowing and leasing or disposition of assets; and requires that minimum insurance coverage be maintained.

The Board of Trustees of the Municipal Electric Utility authorized a loan to be extended to the Utility under Resolution No. 2759, 2840, 2939, 2994, and 3086. The December 31, 2015 outstanding balance on this loan was \$183,090, bearing interest as 2.0%. The Board of Trustees of the Municipal Gas Utility approved a loan to be extended to the Utility under Resolution No. 5077. The December 31, 2015 outstanding balance on this loan was \$1,200,000, bearing interest at 2.0%.

## **F. Pension Plan – IPERS**

Plan Description. IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.



Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.56 percent of pay and the City contributed 9.84 percent for a total rate of 16.40 percent.

The City's total contributions to IPERS for the year ended June 30, 2016 were \$821,928.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the City reported a liability of \$6,606,653 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015, the City's collective proportion was 0.1337248 percent which was a decrease of 0.0084380 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$424,525. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 99,230	\$ 75
Changes of assumptions	181,987	--
Net difference between projected and actual earnings on pension plan investments	--	551,842
Changes in proportion and differences between City contributions and proportionate share of contributions	--	504,145
City contributions subsequent to the measurement date	821,928	--
Total	<u>\$ 1,103,145</u>	<u>\$ 1,056,062</u>

\$821,928 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Total
2017	\$ (318,716)
2018	(318,716)
2019	(318,716)
2020	195,154
2021	(13,851)
	<u>\$ (774,845)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00 percent per annum based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	28%	2.04
Domestic Equity	24	6.29
International Equity	16	6.75
Private Equity/Debt	11	11.32
Real Estate	8	3.48
Credit Opportunities	5	3.63
TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	-0.71
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability:	\$ 11,584,554	\$ 6,606,653	\$ 2,404,963

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS'website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan – At June 30, 2016, the City reported no payables to the defined benefit pension plan for legally required employer contributions and legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

### **Municipal Fire and Police Retirement System of Iowa (MFPRSI)**

Pension Plan Fiduciary Net Position – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at [www.mfprsi.org](http://www.mfprsi.org).

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Additional benefits are available to members who perform

more than 22 years of service (2 percent for each additional year of service, up to a maximum of 8 years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50 percent of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40 percent of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50 percent of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2016.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the

Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 27.77% for the year ended June 30, 2016.

The City's contributions to MFPRSI for the year ended June 30, 2016 was \$1,300,356.

If approved by the state legislature, state appropriation may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2015.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of \$8,114,055 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2015, the City's proportion was 1.727077% which was a decrease of .055694% from its proportions measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$733,229. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 218,107	\$ 13,867
Changes of assumptions	610,517	--
Net difference between projected and actual earnings on pension plan investments	--	835,192
Changes in proportion and differences between City contributions and proportionate share of contributions	109,507	232,003
City contributions subsequent to the measurement date	1,300,356	--
Total	<u>\$ 2,238,487</u>	<u>\$ 1,081,062</u>

\$1,300,356 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Total
2017	\$ (214,598)
2018	(214,598)
2019	(214,598)
2020	470,277
2021	30,586
	<u>\$ (142,931)</u>

Actuarial Assumptions The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.0 percent
Salary increases	4.50 to 15.00 percent, including including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 1/12 of the 1971 GAM table and 11/12 of the 1994 GAM table with no projection of future mortality improvement. The one additional step results in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	7.0 %	3.8 %
Emerging Markets Debt	3.0	6.5
Domestic Equities	12.5	6.0
Master Limited Partnerships (MLP)	5.0	8.5
International Equities	<u>12.5</u>	7.0
<b>Core Investments</b>	40.0 %	
<b>Tactical Asset Allocation</b>	35.0	6.0
<b>Private Equity</b>	15.0	9.8
Private Non-Core Real Estate	5.0	9.3
Private Core Real Estate	<u>5.0</u>	6.8
<b>Real Estate</b>	10.0	
<b>Total</b>	<u><u>100 %</u></u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference



between actuarially determined rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** -

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.50 percent) or 1-percent higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability:	\$ 14,126,815	\$ 8,114,055	\$ 3,118,159

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at [www.mfprsi.org](http://www.mfprsi.org).

**Payables to the Pension Plan** – At June 30, 2016, the City reported no payables to the defined benefit pension plan for legally required employer contributions and legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

**G. Other Postemployment Benefits (OPEB)**

**Plan Description** – The City operates a single-employer health benefit plan, which provides self-insured medical/prescription drug benefits for all full-time active and retired employees and their eligible dependents. Eligible retirees receive health care coverage through the same plan that is available to active employees. To be eligible for these benefits, participants must be receiving a pension benefit from the Iowa Public Employee Retirement System (IPERS), receiving a Social Security Disability Benefit, or retired under Code Chapter 411 of the Iowa Code. There were nineteen retirees participating in the plan as of June 30<sup>th</sup>. Retirees pay the same premium for the health benefit plan as active employees, which results in an implicit subsidy and an OPEB liability. The Plan does not issue a stand-alone financial report.

**Funding Policy** – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The majority of expenditures are paid for out of the General Fund.

**Annual OPEB Cost and Net OPEB Obligation** – The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 98,848
Interest on net OPEB obligation	10,906
Adjustment to annual required contribution	<u>(9,661)</u>
Annual OPEB Cost	100,093
Net contributions	<u>24,079</u>
Increase in net OPEB obligation	124,172
Net OPEB obligation beginning of year	<u>218,126</u>
Net OPEB obligation end of year	<u>\$342,298</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2015. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

For the year ended June 30, 2016, the City paid \$127,696 for retiree health claims. Plan members eligible for benefits contributed \$151,775 or 100% of the premium costs. The net resulted in a \$24,079 contribution for retirees.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2016 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed from City	Net OPEB Obligation
June 30, 2016	\$100,093	(24.06%)	\$342,298
June 30, 2015	\$ 59,683	199.52%	\$218,126
June 30, 2014	\$ 59,683	209.94%	\$277,521

**Funded Status and Funding Progress** – As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$1,139,405, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,139,405. The covered payroll (annual payroll of active employees covered by the plan) was \$11,573,418 and the ratio of the UAAL to covered payroll was 9.8%. As of June 30, 2016, there were no trust fund assets.

**Actuarial Methods and Assumptions** – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employments, mortality and the health care cost trend. Actuarially determined amounts are subject to continual review as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of

plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2015 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumption includes a 5% discount rate based on the City's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate. An inflation rate of 3% is assumed for purposes of this computation.

Mortality rates are from the RP2014 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from a combination of the retirement probabilities from MFPRSI Actuarial Report, the IPERS Actuarial Report, and the City's experience.

Projected claim costs of the health plan are \$807.42 per month for retirees less than age 65 and \$646.33 per month for retirees who have attained age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### H. Interfund Balances

Individual interfund receivable and payable balances by fund type as of June 30, 2016, were stated in the fund financial statements as follows:

Due to/from other funds:	Total	
	Interfund Receivables	Interfund Payables
Fund		
Bond Fund	\$ ---	\$ 845,546
Nonmajor Governmental Funds	849,696	4,150
Total	\$ 849,696	\$ 849,696

The balances are due to the elimination of reporting negative cash

<u>Advances from/to other funds:</u>		<u>Total</u>	
	<u>Fund</u>	<u>Advance to Other Funds</u>	<u>Advance from Other Funds</u>
Hospital Fund		\$ 10,655,000	\$ ---
Capital Improvements Fund		3,440,000	---
Sewer Fund		---	14,095,000
Total		<u>\$ 14,095,000</u>	<u>\$ 14,095,000</u>

The amount payable from the Sewer Fund to the Hospital Fund and the Capital Improvements Fund relates to internal financing for the large disinfection project at the City's water treatment facility and other City Sewer projects.

**I. Interfund Transactions**

The following transfers represent individual fund interfund transfers as stated in the Fund Financial Statements.

Transfer To	Transfer From	Amount
General Fund	TIF Fund	\$ 119,565
	Capital Improvements Fund	130,670
	Non-major Governmental Funds	348,892
	Sewer Fund	98,130
	Refuse Fund	115,940
	Internal Service Funds	6,210
		<u>\$ 819,407</u>
Debt Service Fund	TIF Fund	<u>\$ 146,638</u>
Capital Improvements Fund	General Fund	\$ 2,909,451
	Non-major Governmental Funds	10,000
		<u>\$ 2,919,451</u>
Bond Fund	TIF Fund	\$ 3,989,728
	Capital Improvements	9,994
	Non-major Governmental Funds	323,189
		<u>\$ 4,322,911</u>
Non-major Governmental Funds	General Fund	\$ 148,271
	TIF Fund	2,926,603
		<u>\$ 3,074,874</u>
Sewer Fund	TIF Fund	<u>\$ 800,000</u>
Storm Water Fund	Street Repair Fund	\$ 186,552
	Non-major Governmental Funds	76,250
		<u>\$ 262,802</u>
Refuse Fund	Non-major Governmental Funds	\$ 122,000
	Sewer Fund	122,000
		<u>\$ 244,000</u>
Internal Service Funds	General Fund	\$ 324,070
	Internal Service Funds	10,568
		<u>\$ 334,638</u>
	Total	<u><u>\$ 12,924,721</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move debt service payments from proprietary or special revenue funds to the debt service fund as debt service payments come due and, (3) to move receipts from user fee generated funds to the general fund for certain administrative and custodial costs in the general fund.

#### Note 4. Other Notes

##### A. Due To/From Component Unit

Amounts due from the component unit to the general fund at June 30, 2016, were as follows:

	Due from
Component Unit:	
Electric utility	\$ 1,528,660
Gas utility	151,340
Communication utility	17,500
Total	<u>\$ 1,697,500</u>

This amount differs from the amount reported as due to primary government since the Electric Utility, Gas Utility, and Communications Utility component units have a calendar year end of December 31, 2015.

##### B. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government has established various funds to account for and finance its uninsured risks of loss.

The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents, which is included in the internal service fund type. Health benefits were self-insured up to a specific stop loss amount of \$85,000 and an aggregate stop loss of approximately \$3,310,176 for 2016. Coverage from a private insurance company is maintained for losses in excess of the stop loss amounts. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate.

All funds of the City participate in the program and make payments to the Health Insurance Reserve Fund based on actuarial estimates of the amounts needed to pay prior-year and current-year claims. The City has also established reserve funds for insuring workers' compensation, liability, and long-term disability claims which are included in the general fund type. Liability benefits were self-insured up to a specific stop loss amount of \$100,000 and an aggregate stop loss amount of \$260,000. Long-term disability benefits are self funded for the first six months, and the maximum benefit per individual is \$18,000. Workers' compensation benefits were self-insured up to an aggregate stop loss amount of \$350,000 with no specific stop loss amount. Coverage from private insurers is maintained for losses in excess of the stop loss amounts. An independent claims administrator performs all claims handling procedures. Settled claims for the above funds have not exceeded commercial coverage in any of the last three fiscal years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Changes in reported liabilities for the fiscal year ended June 30, 2016, are summarized as follows:

	Risk Management Fund					
	Health Insurance Reserve Fund	Workers' Compensation Reserve	Liability Reserve	Long-Term Disability Reserve		Total
Claim liabilities						
June 30, 2014	\$ 387,410	\$ 110,320	\$ --	\$ --		\$ 497,730
Claims and changes in estimates during fiscal year 2015	2,609,247	320,999	--	--		2,930,246
Claim payments	(2,610,216)	(102,665)	--	--		(2,712,881)
Claim liabilities						
June 30, 2015	\$ 386,441	\$ 328,654	\$ --	\$ --		\$ 715,095
Claims and changes in estimates during fiscal year 2016	3,037,374	207,160	--	--		3,244,534
Claim payments	(2,977,230)	(317,270)	--	--		(3,294,500)
Claim liabilities						
June 30, 2016	\$ 446,585	\$ 218,544	\$ --	\$ --		\$ 665,129

#### C. Commitments and Contingencies

Legal counsel has reported that as of June 30, 2016, there were claims and losses that are on file against the City. The City has the authority to levy additional taxes outside the regular limit to fund any uninsured judgment against the City. However, it is estimated that all of these claims and losses will be covered by insurance when exceeding stop loss limits, and the amounts prior to reaching these limits would not materially affect future financial statements of the City.

#### D. Subsequent Event

On July 19, 2016 the City sold general obligation notes in the amount of \$9,655,000. The notes were sold at an interest rate of 1.51% and will mature in 2028. The proceeds will be used to fund various projects including Greenhill Road Extension, University Avenue Sewer, and Dry Run Creek Sanitary Sewer Improvements.

#### E. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued eight statements not yet implemented by the City. The Statements, which may impact the City are as follows:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued June 2015, will be effective for the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of governments. This Statement replaces Statement 43 and 57.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, issued June 2015, will be effective for the fiscal year ending June 30, 2018. The objective of this Statement is to improve the accounting and financial reporting of governments for postemployment benefits other than pensions. This Statement replaces Statement 45 and 57.

Statement No. 77, *Tax Abatement Disclosures*, will be effective for the fiscal year June 30, 2017. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, will be effective for the fiscal year June 30, 2017. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Statement No. 79, *Certain External Investment Pools and Pool Participants*, will be effective for the fiscal year ending June 30, 2017. The objective of this statement is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

Statement No. 80, *Blending Requirements for certain component units – An amendment of GASB Statement No. 14*, will be effective for the fiscal year June 30, 2017. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*.

Statement No. 81, *Irrevocable Split-Interest Agreements*, will be effective for the fiscal year ending June 30, 2018. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*, will be effective for the fiscal year June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*.

The City's management has not yet determined the effect these statements will have on the City's financial statements.



**City of Cedar Falls, Iowa**  
**Budgetary Comparison Schedule - Function Budget**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts	
	Original	Final
Revenues:		
Property taxes and assessments	\$ 25,218,975	\$ 25,218,975
Other City taxes	5,891,369	5,927,829
Licenses and permits	1,016,100	1,016,100
Use of money and property	1,496,050	1,496,650
Intergovernmental	13,684,032	14,112,776
Charges for services	11,954,050	12,141,100
Miscellaneous	1,877,634	1,978,103
Total revenues	<u>\$ 61,138,210</u>	<u>\$ 61,891,533</u>
Expenditures:		
Current:		
Public safety	\$ 10,162,790	\$ 10,208,290
Public works	29,306,570	11,685,490
Health and social services	151,430	151,430
Culture and recreation	7,660,220	7,839,970
Community and economic development	2,859,840	2,892,270
General government	4,871,840	5,105,240
Debt service	1,924,440	1,924,440
Capital projects	6,958,000	30,513,082
Business-type	11,825,310	13,234,438
Total expenditures	<u>\$ 75,720,440</u>	<u>\$ 83,554,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (14,582,230)</u>	<u>\$ (21,663,117)</u>
Other financing sources (uses):		
Proceeds from long-term debt	\$ 5,063,700	\$ 5,766,621
Transfers in	16,228,720	16,228,720
Transfers out	(16,228,720)	(16,228,720)
Total other financing sources (uses)	<u>\$ 5,063,700</u>	<u>\$ 5,766,621</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ (9,518,530)</u>	<u>\$ (15,896,496)</u>
Fund balances, beginning	83,909,192	83,909,192
Fund balances, ending	<u><u>\$ 74,390,662</u></u>	<u><u>\$ 68,012,696</u></u>

See notes to the required supplementary information.

Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ 25,194,893	\$ (24,082)
5,802,291	(125,538)
1,413,768	397,668
882,400	(614,250)
13,880,410	(232,366)
12,398,060	256,960
1,955,265	(22,838)
<u>\$ 61,527,087</u>	<u>\$ (364,446)</u>

\$ 9,850,624	\$ 357,666
10,221,521	1,463,969
127,224	24,206
6,839,781	1,000,189
2,480,215	412,055
4,008,610	1,096,630
1,204,515	719,925
15,938,815	14,574,267
8,362,955	4,871,483
<u>\$ 59,034,260</u>	<u>\$ 24,520,390</u>
<u>\$ 2,492,827</u>	<u>\$ 24,155,944</u>

\$ 97,750	\$ (5,668,871)
15,732,954	(495,766)
(15,732,954)	495,766
<u>\$ 97,750</u>	<u>\$ (5,668,871)</u>

\$ 2,590,577	\$ 18,487,073
85,943,727	2,034,535
<u>\$ 88,534,304</u>	<u>\$ 20,521,608</u>

## **City of Cedar Falls, Iowa**

### **Notes to Required Supplementary Information – Budgetary Reporting For the Year ended June 30, 2016**

#### **Note A - Budgetary Reporting**

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis plus recorded accounts payable following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of disbursements known as functions, not by fund or fund type. These 9 functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Project Funds, and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$7,834,210. This budget amendments are reflected in the final budget amounts.

**City of Cedar Falls, Iowa**  
**Budgetary Comparison Schedule -**  
**Program Budget**  
**Notes to RSI**

**Note B - Explanation of Differences between Budgetary Sources and Uses of funds and GAAP Revenues and Expenditures for the GAAP General Fund and Major Special Revenue Funds**

	<u><b>Function Budget</b></u>
<b>Sources</b>	
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedule - function budget	\$ 61,527,087
Adjustments:	
The City budgets for all receipts on the cash basis, rather than the modified accrual or accrual basis	64,555
Total revenues for the function budget on a GAAP basis of accounting	\$ 61,591,642
Reclassifications:	
The City reports sources of funds in the function budget as revenues in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(1,092,573)
Capital Improvements Fund	(2,190,281)
Street Improvement Fund	(523,707)
Bond capital projects Fund	(914,583)
Nonmajor governmental GAAP funds	(8,964,832)
Business-type enterprise funds	(9,127,187)
Total revenues for general fund and major special revenue funds	<u><u>\$ 38,778,479</u></u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 24,801,809
Hospital Fund	487,741
TIF Fund	7,953,794
Street Repair Fund	5,535,135
Total revenues for general fund and major special revenue funds	<u><u>\$ 38,778,479</u></u>

	<b><u>Function Budget</u></b>
<b>Uses</b>	
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule - function budget	\$ 59,034,260
<b>Adjustments</b>	
The City budgets for expenditures on the cash basis, rather than on the modified accrual or accrual basis on all items except payments to suppliers	
The City does not budget for depreciation	(1,486,146)
Total uses for the function budget on a GAAP basis of accounting	<u>\$ 57,548,114</u>
<b>Reclassifications:</b>	
The City reports uses of funds in the function budget as expenditures in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(1,204,515)
Capital Improvements Fund	(389,118)
Street Improvement Fund	(8,995,261)
Bond capital projects Fund	(1,995,970)
Nonmajor governmental GAAP funds	(11,631,401)
Business-type enterprise funds	(7,892,525)
Total expenditures for general fund and major special revenue funds	<u><u>\$ 25,439,324</u></u>
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:</b>	
General Fund	\$ 21,128,960
Hospital Fund	114,222
TIF Fund	--
Street Repair Fund	4,196,142
Total expenditures for general fund and major special revenue funds	<u><u>\$ 25,439,324</u></u>

**City of Cedar Falls, Iowa**

**Schedule of the City's Proportionate Share of the Net Pension Liability**

**Iowa Public Employees' Retirement System  
June 30, 2016**

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.1337248 %	0.1421628 %
City's proportionate share of the net pension liability	\$ 6,606,653	\$ 5,638,043
City's covered-employee payroll	\$ 9,218,654	\$ 9,346,040
City's proportionate share of the net pension liability as a percentage of its covered - employee payroll	71.67 %	60.33 %
Plan fiduciary net position as a percentage of the total pension liability	85.19 %	87.61 %

In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**City of Cedar Falls, Iowa**

**Schedule of City Contributions**

**Iowa Public Employees' Retirement System  
Last 10 Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 821,928	\$ 821,440	\$ 834,065	\$ 823,374
Contributions in relation to the statutorily required contribution	(821,928)	(821,440)	(834,065)	(823,374)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered - employee payroll	\$ 9,203,649	\$ 9,218,654	\$ 9,346,040	\$ 9,490,561
Contributions as a percentage of covered - employee payroll	8.93%	8.91%	8.92%	8.68%

See accompanying independent auditor's report.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 771,437	\$ 619,003	\$ 581,707	\$ 548,622	\$ 507,597	\$ 458,555
(771,437)	(619,003)	(581,707)	(548,622)	(507,597)	(458,555)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 9,560,570	\$ 8,915,266	\$ 8,754,353	\$ 8,639,602	\$ 8,389,888	\$ 7,980,922
8.07%	6.94%	6.64%	6.35%	6.05%	5.75%



**City of Cedar Falls, Iowa**

**Notes to Required Supplementary Information – Pension Liability**

**Year ended June 30, 2016**

Iowa Public Employees' Retirement System:

*Changes of benefit terms:*

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

*Changes of assumptions:*

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members received a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

**City of Cedar Falls, Iowa**

**Schedule of the City's Proportionate Share of the Net Pension Liability**

**Municipal Fire and Police Retirement System of Iowa**

**June 30, 2016**

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	1.727077 %	1.782771 %
City's proportionate share of the net pension liability	\$ 8,114,055	\$ 6,462,513
City's covered-employee payroll	\$ 4,529,187	\$ 4,552,662
City's proportionate share of the net pension liability as a percentage of its covered - employee payroll	179.15 %	141.95 %
Plan fiduciary net position as a percentage of the total pension liability	83.04 %	86.27 %

In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**City of Cedar Falls, Iowa**

**Schedule of City Contributions**

**Municipal Fire and Police Retirement System of Iowa  
Last 10 Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 1,300,356	\$ 1,377,326	\$ 1,371,261	\$ 1,144,556
Contributions in relation to the statutorily required contribution	(1,300,356)	(1,377,326)	(1,371,261)	(1,144,556)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered - employee payroll	\$ 4,682,591	\$ 4,529,187	\$ 4,552,662	\$ 4,381,915
Contributions as a percentage of covered - employee payroll	27.77%	30.41%	30.12%	26.12%

See accompanying independent auditor's report.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 1,080,516	\$ 792,888	\$ 666,649	\$ 699,619	\$ 931,069	\$ 967,811
(1,080,516)	(792,888)	(666,649)	(699,619)	(931,069)	(967,811)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 4,363,958	\$ 3,984,367	\$ 3,921,467	\$ 3,731,295	\$ 3,654,118	\$ 3,487,612
24.76%	19.90%	17.00%	18.75%	25.48%	27.75%

**City of Cedar Falls, Iowa**

**Notes to Required Supplementary Information – Pension Liability**

**Year ended June 30, 2016**

Municipal Fire and Police Retirement System of Iowa:

*Changes of benefit terms:*

There were no significant changes of benefit terms.

*Changes of assumptions:*

Effective July 1, 2014, two additional steps were taken to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

**City of Cedar Falls, Iowa**  
**Schedule of Funding Progress for the**  
**Cedar Falls Health Plan**  
**June 30, 2016**

<b>Fiscal Year</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL As a Percentage of Covered Payroll</b>
2012	July 1, 2011	-	525,162	525,162	0.0%	11,327,306	4.6%
2014	July 1, 2013	-	670,451	670,451	0.0%	11,750,374	5.7%
2016	July 1, 2015	-	1,139,405	1,139,405	0.0%	11,573,418	9.8%

**City of Cedar Falls, Iowa**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**  
**(Page 1 of 2)**

	Community Development Fund	Housing Assistance Fund
<b>ASSETS</b>		
Cash	\$ 108,342	\$ 554,700
Receivables, net of allowance for uncollectible amounts:		
Property taxes	---	---
Other city taxes	---	---
Accrued interest	---	---
Special assessment	---	---
Due from other funds	---	---
Due from other governments	718	---
Inventories	---	---
Total assets	<u>\$ 109,060</u>	<u>\$ 554,700</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 3,468	\$ 376
Accrued liabilities	1,877	2,957
Due to other funds	---	---
Total liabilities	<u>\$ 5,345</u>	<u>\$ 3,333</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Succeeding year property taxes	\$ ---	\$ ---
Other	718	---
Total deferred inflows of resources	<u>\$ 718</u>	<u>\$ ---</u>
<b>FUND BALANCES</b>		
Nonspendable	\$ ---	\$ ---
Restricted	102,997	551,367
Committed	---	---
Assigned	---	---
Unassigned	---	---
Total fund balances	<u>\$ 102,997</u>	<u>\$ 551,367</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 109,060</u>	<u>\$ 554,700</u>

Special Revenue

<u>Parking Fund</u>	<u>Police Retirement</u>	<u>Fire Retirement</u>	<u>Visitor &amp; Tourism</u>
\$ 901,401	\$ 2,911,057	\$ 2,750,870	\$ 891,113
--	739,656	686,691	--
--	--	--	122,792
2,379	3,912	4,633	2,056
--	--	--	--
--	--	--	--
--	--	--	--
4,118	--	--	25,223
<u>\$ 907,898</u>	<u>\$ 3,654,625</u>	<u>\$ 3,442,194</u>	<u>\$ 1,041,184</u>
\$ 186	\$ 494	\$ 3,211	\$ 32,525
1,945	--	--	6,407
--	--	--	--
<u>\$ 2,131</u>	<u>\$ 494</u>	<u>\$ 3,211</u>	<u>\$ 38,932</u>
\$ --	\$ 737,268	\$ 684,578	\$ --
--	--	--	122,792
<u>\$ --</u>	<u>\$ 737,268</u>	<u>\$ 684,578</u>	<u>\$ 122,792</u>
\$ 4,118	\$ --	\$ --	\$ 25,223
--	2,916,863	2,754,405	854,237
901,649	--	--	--
--	--	--	--
--	--	--	--
<u>\$ 905,767</u>	<u>\$ 2,916,863</u>	<u>\$ 2,754,405</u>	<u>\$ 879,460</u>
<u>\$ 907,898</u>	<u>\$ 3,654,625</u>	<u>\$ 3,442,194</u>	<u>\$ 1,041,184</u>
(continued)			



**City of Cedar Falls, Iowa**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**  
**(Page 2 of 2)**

	Special Revenue		
	Street Construction Fund	Greenwood Perpetual Care	Fairview Perpetual Care
<b>ASSETS</b>			
Cash	\$ 6,371,686	\$ 219,597	\$ 133,223
Receivables, net of allowance for uncollectible amounts:			
Property taxes	--	--	--
Other city taxes	--	--	--
Accrued interest	--	--	--
Special assessment	--	--	--
Due from other funds	--	--	--
Due from other governments	365,405	--	--
Inventories	574,063	--	--
Total assets	<u>\$ 7,311,154</u>	<u>\$ 219,597</u>	<u>\$ 133,223</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 81,817	\$ --	\$ --
Accrued liabilities	49,760	--	--
Due to other funds	--	--	--
Total liabilities	<u>\$ 131,577</u>	<u>\$ --</u>	<u>\$ --</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Succeeding year property taxes	\$ --	\$ --	\$ --
Other	--	--	--
Total deferred inflows of resources	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ 574,063	\$ --	\$ --
Restricted	6,605,514	219,597	133,223
Committed	--	--	--
Assigned	--	--	--
Unassigned	--	--	--
Total fund balances	<u>\$ 7,179,577</u>	<u>\$ 219,597</u>	<u>\$ 133,223</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,311,154</u>	<u>\$ 219,597</u>	<u>\$ 133,223</u>

(continued)

Capital Projects					
Hillside Perpetual Care	Washington Park Renovation	FEMA Fund	Sidewalk Assessment	Economic Development Capital	Total
\$ 41,768	\$ 31,043	\$ 2,771,269	\$ --	\$ 5,831,316	\$ 23,517,385
--	--	--	--	--	1,426,347
--	--	--	--	--	122,792
--	79	7,251	--	9,864	30,174
--	--	--	16,852	--	16,852
--	--	--	--	849,696	849,696
--	--	73,655	--	--	439,778
--	--	--	--	--	603,404
<u>\$ 41,768</u>	<u>\$ 31,122</u>	<u>\$ 2,852,175</u>	<u>\$ 16,852</u>	<u>\$ 6,690,876</u>	<u>\$ 27,006,428</u>
\$ --	\$ --	\$ 5,288	\$ --	\$ 1,233,654	\$ 1,361,019
--	--	--	--	--	62,946
--	--	--	4,150	--	4,150
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,288</u>	<u>\$ 4,150</u>	<u>\$ 1,233,654</u>	<u>\$ 1,428,115</u>
\$ --	\$ --	\$ --	\$ 16,613	\$ --	\$ 1,438,459
--	--	--	--	--	123,510
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 16,613</u>	<u>\$ --</u>	<u>\$ 1,561,969</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 603,404
41,768	--	--	--	--	14,179,971
--	--	--	--	--	901,649
--	31,122	2,846,887	--	5,457,222	8,335,231
--	--	--	(3,911)	--	(3,911)
<u>\$ 41,768</u>	<u>\$ 31,122</u>	<u>\$ 2,846,887</u>	<u>\$ (3,911)</u>	<u>\$ 5,457,222</u>	<u>\$ 24,016,344</u>
<u>\$ 41,768</u>	<u>\$ 31,122</u>	<u>\$ 2,852,175</u>	<u>\$ 16,852</u>	<u>\$ 6,690,876</u>	<u>\$ 27,006,428</u>

**City of Cedar Falls, Iowa**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**  
**(Page 1 of 2)**

	Community Development Fund	Housing Assistance Fund
Revenues:		
Property taxes and assessments	\$       --	\$       --
Other city taxes	--	--
Use of money and property	--	5,171
Intergovernmental	322,160	1,180,513
Charges for services	--	--
Fines and forfeitures	--	--
Miscellaneous	13,571	5,211
Total revenues	<u>\$ 335,731</u>	<u>\$ 1,190,895</u>
Expenditures:		
Current:		
Public safety	\$       --	\$       --
Public works	--	--
Culture and recreation	--	--
Community and economic development	336,476	1,143,074
Capital projects	--	--
Total expenditures	<u>\$ 336,476</u>	<u>\$ 1,143,074</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (745)</u>	<u>\$ 47,821</u>
Other financing sources (uses):		
Transfers in	\$       --	\$       --
Transfers out	--	--
Total other financing sources (uses)	<u>\$       --</u>	<u>\$       --</u>
Net change in fund balances	\$ (745)	\$ 47,821
Fund balances, beginning	103,742	503,546
Increase (decrease) in reserve for inventories	--	--
Fund balances, ending	<u><u>\$ 102,997</u></u>	<u><u>\$ 551,367</u></u>

Special Revenue

<u>Parking Fund</u>	<u>Police Retirement</u>	<u>Fire Retirement</u>	<u>Visitor &amp; Tourism</u>
\$ --	\$ 759,357	\$ 681,214	\$ --
--	--	--	317,972
5,796	27,511	33,134	11,430
--	--	--	--
32,060	--	--	--
147,755	--	--	--
--	--	--	85,750
<u>\$ 185,611</u>	<u>\$ 786,868</u>	<u>\$ 714,348</u>	<u>\$ 415,152</u>
\$ --	\$ 827,598	\$ 609,223	\$ --
131,530	--	--	--
--	--	--	465,240
--	--	--	--
--	--	--	--
<u>\$ 131,530</u>	<u>\$ 827,598</u>	<u>\$ 609,223</u>	<u>\$ 465,240</u>
<u>\$ 54,081</u>	<u>\$ (40,730)</u>	<u>\$ 105,125</u>	<u>\$ (50,088)</u>
\$ --	\$ --	\$ --	\$ 78,271
(15,785)	--	--	(16,637)
<u>\$ (15,785)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 61,634</u>
\$ 38,296	\$ (40,730)	\$ 105,125	\$ 11,546
866,616	2,957,593	2,649,280	866,823
855	--	--	1,091
<u>\$ 905,767</u>	<u>\$ 2,916,863</u>	<u>\$ 2,754,405</u>	<u>\$ 879,460</u>

(continued)

**City of Cedar Falls, Iowa**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**  
**(Page 2 of 2)**

	Special Revenue		
	Street Construction Fund	Greenwood Perpetual Care	Fairview Perpetual Care
Revenues:			
Property taxes and assessments	\$ ---	\$ ---	\$ ---
Other city taxes	---	---	---
Use of money and property	---	---	---
Intergovernmental	4,813,780	---	---
Charges for services	---	5,303	6,125
Fines and forfeitures	---	---	---
Miscellaneous	9,724	---	---
Total revenues	<u>\$ 4,823,504</u>	<u>\$ 5,303</u>	<u>\$ 6,125</u>
Expenditures:			
Current:			
Public safety	\$ ---	\$ ---	\$ ---
Public works	3,880,595	---	---
Culture and recreation	---	---	---
Community and economic development	---	---	---
Capital projects	---	---	---
Total expenditures	<u>\$ 3,880,595</u>	<u>\$ ---</u>	<u>\$ ---</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 942,909</u>	<u>\$ 5,303</u>	<u>\$ 6,125</u>
Other financing sources (uses):			
Transfers in	\$ ---	\$ ---	\$ ---
Transfers out	(847,909)	---	---
Total other financing sources (uses)	<u>\$ (847,909)</u>	<u>\$ ---</u>	<u>\$ ---</u>
Net change in fund balances	\$ 95,000	\$ 5,303	\$ 6,125
Fund balances, beginning	6,945,635	214,294	127,098
Increase (decrease) in reserve for inventories	138,942	---	---
Fund balances, ending	<u>\$ 7,179,577</u>	<u>\$ 219,597</u>	<u>\$ 133,223</u>

(continued)

Capital Projects					
Hillside Perpetual Care	Washington Park Renovation	FEMA Fund	Sidewalk Assessment	Economic Development Capital	Total
\$ --	\$ --	\$ --	\$ 11,643	\$ --	\$ 1,452,214
--	--	--	--	--	317,972
--	198	18,810	--	72,133	174,183
--	--	341,904	--	--	6,658,357
1,240	--	--	--	--	44,728
--	--	--	--	--	147,755
--	--	40,495	14,872	--	169,623
<u>\$ 1,240</u>	<u>\$ 198</u>	<u>\$ 401,209</u>	<u>\$ 26,515</u>	<u>\$ 72,133</u>	<u>\$ 8,964,832</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,436,821
--	--	--	--	--	4,012,125
--	--	--	--	--	465,240
--	--	--	--	--	1,479,550
--	--	402,397	23,239	3,812,029	4,237,665
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 402,397</u>	<u>\$ 23,239</u>	<u>\$ 3,812,029</u>	<u>\$ 11,631,401</u>
<u>\$ 1,240</u>	<u>\$ 198</u>	<u>\$ (1,188)</u>	<u>\$ 3,276</u>	<u>\$ (3,739,896)</u>	<u>\$ (2,666,569)</u>
\$ --	\$ --	\$ --	\$ --	\$ 2,996,603	\$ 3,074,874
--	--	--	--	--	(880,331)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,996,603</u>	<u>\$ 2,194,543</u>
\$ 1,240	\$ 198	\$ (1,188)	\$ 3,276	\$ (743,293)	\$ (472,026)
40,528	30,924	2,848,075	(7,187)	6,200,515	24,347,482
--	--	--	--	--	140,888
<u>\$ 41,768</u>	<u>\$ 31,122</u>	<u>\$ 2,846,887</u>	<u>\$ (3,911)</u>	<u>\$ 5,457,222</u>	<u>\$ 24,016,344</u>

**City of Cedar Falls, Iowa**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2016**

	Health Insurance	Health Insurance Severance	Payroll
<b>ASSETS</b>			
Current assets:			
Cash	\$ 5,809,117	\$ 78,795	\$ 1,936,804
Receivables, net of allowance for uncollectible amounts:			
Accrued interest	15,036	---	6,149
Other	9,114	---	---
Inventories	---	---	---
Total current assets	<u>\$ 5,833,267</u>	<u>\$ 78,795</u>	<u>\$ 1,942,953</u>
Noncurrent assets:			
Capital assets:			
Buildings	\$ ---	\$ ---	\$ ---
Machinery and equipment	---	---	---
Accumulated depreciation	---	---	---
Total noncurrent assets	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
Total assets	<u>\$ 5,833,267</u>	<u>\$ 78,795</u>	<u>\$ 1,942,953</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 108,233	\$ 78,795	\$ 5,545
Accrued liabilities	446,585	---	---
Compensated absences due within one year	---	---	---
Total current liabilities	<u>\$ 554,818</u>	<u>\$ 78,795</u>	<u>\$ 5,545</u>
Noncurrent liabilities:			
Compensated absences after one year	\$ ---	\$ ---	\$ ---
Net pension liability	---	---	---
Total noncurrent liabilities	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
Total liabilities	<u>\$ 554,818</u>	<u>\$ 78,795</u>	<u>\$ 5,545</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
<b>NET POSITION</b>			
Investment in capital assets	\$ ---	\$ ---	\$ ---
Unrestricted	5,278,449	---	1,937,408
Total net position	<u>\$ 5,278,449</u>	<u>\$ ---</u>	<u>\$ 1,937,408</u>

<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 3,484,490	\$ 1,142,373	\$ 1,801,483	\$ 14,253,062
8,015	2,860	4,773	36,833
831	--	--	9,945
--	3,223	32,287	35,510
<u>\$ 3,493,336</u>	<u>\$ 1,148,456</u>	<u>\$ 1,838,543</u>	<u>\$ 14,335,350</u>
\$ --	\$ --	\$ 90,302	\$ 90,302
--	1,355,634	6,178,800	7,534,434
--	(1,167,949)	(4,256,044)	(5,423,993)
<u>\$ --</u>	<u>\$ 187,685</u>	<u>\$ 2,013,058</u>	<u>\$ 2,200,743</u>
<u>\$ 3,493,336</u>	<u>\$ 1,336,141</u>	<u>\$ 3,851,601</u>	<u>\$ 16,536,093</u>
\$ --	\$ 35,698	\$ 33,251	\$ 68,949
\$ 23,537	\$ 18,655	\$ 107,563	\$ 342,328
218,544	14,386	11,531	691,046
--	35,526	14,371	49,897
<u>\$ 242,081</u>	<u>\$ 68,567</u>	<u>\$ 133,465</u>	<u>\$ 1,083,271</u>
\$ --	\$ 42,869	\$ --	\$ 42,869
--	194,666	190,139	384,805
<u>\$ --</u>	<u>\$ 237,535</u>	<u>\$ 190,139</u>	<u>\$ 427,674</u>
<u>\$ 242,081</u>	<u>\$ 306,102</u>	<u>\$ 323,604</u>	<u>\$ 1,510,945</u>
\$ --	\$ 28,400	\$ 20,121	\$ 48,521
\$ --	\$ 187,685	\$ 2,013,058	\$ 2,200,743
3,251,255	849,652	1,528,069	12,844,833
<u>\$ 3,251,255</u>	<u>\$ 1,037,337</u>	<u>\$ 3,541,127</u>	<u>\$ 15,045,576</u>



**City of Cedar Falls, Iowa**  
**Combining Statement of Revenues, Expenses,**  
**and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2016**

	<u>Health Insurance</u>	<u>Health Insurance Severance</u>	<u>Payroll</u>
Operating revenues:			
Charges for services	\$ 2,827,479	\$ --	\$ 318,430
Other	--	549	--
Total operating revenues	<u>\$ 2,827,479</u>	<u>\$ 549</u>	<u>\$ 318,430</u>
Operating expenses:			
Personal services	\$ --	\$ --	\$ 261,973
Contractual services	3,236,504	--	--
Supplies and equipment	--	--	--
Depreciation	--	--	--
Total operating expenses	<u>\$ 3,236,504</u>	<u>\$ --</u>	<u>\$ 261,973</u>
Operating income (loss)	<u>\$ (409,025)</u>	<u>\$ 549</u>	<u>\$ 56,457</u>
Nonoperating revenues (expenses):			
Use of money and property	\$ 38,089	\$ --	\$ 14,955
Gain on disposal of capital assets	--	--	--
Loss on disposal of equipment	--	--	--
Nonoperating revenues (expenses)	<u>\$ 38,089</u>	<u>\$ --</u>	<u>\$ 14,955</u>
Income (loss) before transfers	<u>\$ (370,936)</u>	<u>\$ 549</u>	<u>\$ 71,412</u>
Transfers in	\$ --	\$ --	\$ --
Transfers out	--	--	--
Transfers, net	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Change in net position	\$ (370,936)	\$ 549	\$ 71,412
Net position, beginning	5,649,385	(549)	1,865,996
Net position, ending	<u><u>\$ 5,278,449</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 1,937,408</u></u>

<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 574,584	\$ 859,932	\$ 1,988,630	\$ 6,569,055
121,113	957	59,285	181,904
<u>\$ 695,697</u>	<u>\$ 860,889</u>	<u>\$ 2,047,915</u>	<u>\$ 6,750,959</u>
\$ --	\$ 412,092	\$ 370,945	\$ 1,045,010
874,457	265,727	247,559	4,624,247
--	118,599	816,455	935,054
--	91,470	257,741	349,211
<u>\$ 874,457</u>	<u>\$ 887,888</u>	<u>\$ 1,692,700</u>	<u>\$ 6,953,522</u>
<u>\$ (178,760)</u>	<u>\$ (26,999)</u>	<u>\$ 355,215</u>	<u>\$ (202,563)</u>
\$ 20,218	\$ 7,211	\$ 11,194	\$ 91,667
--	--	21,662	21,662
--	(334)	(51,821)	(52,155)
<u>\$ 20,218</u>	<u>\$ 6,877</u>	<u>\$ (18,965)</u>	<u>\$ 61,174</u>
<u>\$ (158,542)</u>	<u>\$ (20,122)</u>	<u>\$ 336,250</u>	<u>\$ (141,389)</u>
\$ 334,638	\$ --	\$ --	\$ 334,638
--	--	(16,778)	(16,778)
<u>\$ 334,638</u>	<u>\$ --</u>	<u>\$ (16,778)</u>	<u>\$ 317,860</u>
\$ 176,096	\$ (20,122)	\$ 319,472	\$ 176,471
3,075,159	1,057,459	3,221,655	14,869,105
<u><u>\$ 3,251,255</u></u>	<u><u>\$ 1,037,337</u></u>	<u><u>\$ 3,541,127</u></u>	<u><u>\$ 15,045,576</u></u>

**City of Cedar Falls, Iowa**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2016**

	<u>Health Insurance</u>	<u>Health Insurance Severance</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from interfund services	\$ 2,827,479	\$ --
Payments to suppliers	(3,151,535)	--
Payments to employees	--	(21,692)
Net cash provided by (used for) operating activities	<u>\$ (324,056)</u>	<u>\$ (21,692)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	\$ --	\$ --
Transfers to other funds	--	--
Net cash provided by (used for) financing activities	<u>\$ --</u>	<u>\$ --</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Net acquisition of property and equipment	\$ --	\$ --
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	\$ 28,281	\$ --
Net increase (decrease) in cash	\$ (295,775)	\$ (21,692)
CASH BALANCES, Beginning	6,104,892	100,487
CASH BALANCES, Ending	<u>\$ 5,809,117</u>	<u>\$ 78,795</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ (409,025)	\$ 549
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	--	--
(Increase) decrease in:		
Other receivables	(8,167)	--
Inventories	--	--
Increase (decrease) in accounts payable, accrued and other liabilities	93,136	(22,241)
(Increase) decrease in deferred outflows of resources	--	--
Increase (decrease) in deferred inflows of resources	--	--
Net cash provided by (used for) operating activities	<u>\$ (324,056)</u>	<u>\$ (21,692)</u>

<u>Payroll</u>	<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 318,430	\$ 574,584	\$ 859,932	\$ 1,988,630	\$ 6,569,055
--	(889,054)	(381,975)	(985,730)	(5,408,294)
(408,120)	--	(410,085)	(413,985)	(1,253,882)
<u>\$ (89,690)</u>	<u>\$ (314,470)</u>	<u>\$ 67,872</u>	<u>\$ 588,915</u>	<u>\$ (93,121)</u>
\$ --	\$ 334,638	\$ --	\$ --	\$ 334,638
--	--	--	(16,778)	(16,778)
<u>\$ --</u>	<u>\$ 334,638</u>	<u>\$ --</u>	<u>\$ (16,778)</u>	<u>\$ 317,860</u>
\$ --	\$ --	\$ (57,634)	\$ (152,350)	\$ (209,984)
\$ 11,099	\$ 14,849	\$ 5,286	\$ 7,632	\$ 67,147
\$ (78,591)	\$ 35,017	\$ 15,524	\$ 427,419	\$ 81,902
2,015,395	3,449,473	1,126,849	1,374,064	14,171,160
<u>\$ 1,936,804</u>	<u>\$ 3,484,490</u>	<u>\$ 1,142,373</u>	<u>\$ 1,801,483</u>	<u>\$ 14,253,062</u>
\$ 56,457	\$ (178,760)	\$ (26,999)	\$ 355,215	\$ (202,563)
--	--	91,470	257,741	349,211
--	(831)	--	7,470	(1,528)
--	--	(92)	9,762	9,670
(146,147)	(134,879)	47,663	2,841	(159,627)
--	--	(1,262)	3,654	2,392
--	--	(42,908)	(47,768)	(90,676)
<u>\$ (89,690)</u>	<u>\$ (314,470)</u>	<u>\$ 67,872</u>	<u>\$ 588,915</u>	<u>\$ (93,121)</u>

**City of Cedar Falls, Iowa**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules by Source\***  
**June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Governmental fund capital assets:		
Land	\$ 37,332,030	\$ 36,225,418
Land improvements	13,181,753	13,175,353
Buildings	26,803,749	26,067,151
Machinery and equipment	10,910,805	10,405,581
Infrastructure	189,344,273	178,872,763
Construction in progress	14,418,001	9,005,746
Total governmental funds capital assets	<u>\$ 291,990,611</u>	<u>\$ 273,752,012</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 21,748,485	\$ 21,661,639
Special revenue funds	59,737,890	55,965,627
Capital projects funds	170,914,375	162,570,081
Internal service	225,195	225,195
Donations	39,364,666	33,329,470
Total governmental funds capital assets	<u>\$ 291,990,611</u>	<u>\$ 273,752,012</u>

\* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

**City of Cedar Falls, Iowa**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity \***  
**June 30, 2016**

Function and Activity	Land	Land Improvements	Buildings
Public Safety	\$ 12,500	\$ --	\$ 1,024,832
Public Works	751,051	1,842,041	1,582,334
Health & Social Services	151,494	89,596	5,873,537
Culture and Recreation	2,930,611	10,890,074	14,091,068
Community and Economic Development	33,432,473	360,042	11,500
General Government	53,901	--	4,220,478
	<u>\$ 37,332,030</u>	<u>\$ 13,181,753</u>	<u>\$ 26,803,749</u>

\* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

Machinery and Equipment	Infrastructure	Construction in Progress	Total
\$ 1,638,335	\$ --	\$ --	\$ 2,675,667
4,417,837	182,921,579	12,371,007	203,885,849
--	--	--	6,114,627
3,570,919	6,422,694	872,989	38,778,355
108,477	--	1,174,005	35,086,497
1,175,237	--	--	5,449,616
<u>\$ 10,910,805</u>	<u>\$ 189,344,273</u>	<u>\$ 14,418,001</u>	<u>\$ 291,990,611</u>

**City of Cedar Falls, Iowa**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity \***  
**For the Fiscal Year Ended June 30, 2016**

	Governmental Funds Capital Assets July 1, 2015	Additions	Deletions	Governmental Funds Capital Assets June 30, 2016
Public Safety	\$ 2,667,968	\$ 7,699	\$ --	\$ 2,675,667
Public Works	187,944,162	21,709,862	5,768,175	203,885,849
Health & Social Services	6,114,627	--	--	6,114,627
Culture and Recreation	38,063,012	1,479,806	764,463	38,778,355
Community and Economic Development	33,503,637	1,582,860	--	35,086,497
General Government	5,458,606	37,835	46,825	5,449,616
	<u>\$ 273,752,012</u>	<u>\$ 24,818,062</u>	<u>\$ 6,579,463</u>	<u>\$ 291,990,611</u>

\* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.



**City of Cedar Falls, Iowa**  
**Statistical Section**

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	123
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	133
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future	142
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	154
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	159

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Cedar Falls, Iowa**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 113,859,357	\$ 118,688,310	\$ 123,367,386	\$ 131,237,132
Restricted	18,571,430	20,491,013	21,421,340	22,341,338
Unrestricted	42,994,411	45,657,412	48,697,813	52,747,528
Total governmental activities net position	<u>\$ 175,425,198</u>	<u>\$ 184,836,735</u>	<u>\$ 193,486,539</u>	<u>\$ 206,325,998</u>
Business-type activities				
Net investment in capital assets	\$ 36,487,852	\$ 41,521,531	\$ 44,414,522	\$ 46,273,076
Restricted	808,500	449,500	449,500	9,500
Unrestricted	5,569,366	4,018,315	4,522,038	4,887,575
Total business-type activities net position	<u>\$ 42,865,718</u>	<u>\$ 45,989,346</u>	<u>\$ 49,386,060</u>	<u>\$ 51,170,151</u>
Primary government				
Net investment in capital assets	\$ 150,347,209	\$ 160,209,841	\$ 167,781,908	\$ 177,510,208
Restricted	19,379,930	20,940,513	21,870,840	22,350,838
Unrestricted	48,563,777	49,675,727	53,219,851	57,635,103
Total primary government net position	<u>\$ 218,290,916</u>	<u>\$ 230,826,081</u>	<u>\$ 242,872,599</u>	<u>\$ 257,496,149</u>

Fiscal Year

2011	2012	2013	2014	2015	2016
\$ 145,480,365	\$ 151,130,097	\$ 155,314,591	\$ 162,409,906	\$ 165,448,958	\$ 177,078,562
24,090,200	24,405,828	24,150,307	25,300,988	28,349,177	30,021,985
50,939,288	50,704,056	54,888,657	57,227,282	66,476,930	67,625,175
<u>\$ 220,509,853</u>	<u>\$ 226,239,981</u>	<u>\$ 234,353,555</u>	<u>\$ 244,938,176</u>	<u>\$ 260,275,065</u>	<u>\$ 274,725,722</u>
\$ 52,510,319	\$ 70,328,202	\$ 79,677,940	\$ 77,467,033	\$ 79,444,948	\$ 80,717,535
9,500	9,500	9,500	9,500	9,500	9,500
6,728,884	(76,329)	(5,621,533)	(4,218,827)	(6,100,653)	(4,631,127)
<u>\$ 59,248,703</u>	<u>\$ 70,261,373</u>	<u>\$ 74,065,907</u>	<u>\$ 73,257,706</u>	<u>\$ 73,353,795</u>	<u>\$ 76,095,908</u>
\$ 197,990,684	\$ 221,458,299	\$ 234,992,531	\$ 239,876,939	\$ 244,893,906	\$ 257,796,097
24,099,700	24,415,328	24,159,807	25,310,488	28,358,677	30,031,485
57,668,172	50,627,727	49,267,124	53,008,455	60,376,277	62,994,048
<u>\$ 279,758,556</u>	<u>\$ 296,501,354</u>	<u>\$ 308,419,462</u>	<u>\$ 318,195,882</u>	<u>\$ 333,628,860</u>	<u>\$ 350,821,630</u>

**City of Cedar Falls, Iowa**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**  
**(Page 1 of 2)**

	Fiscal Year		
	2007	2008	2009
<b>Expenses</b>			
Governmental activities:			
Public safety	\$ 6,602,108	\$ 8,065,013	\$ 7,192,846
Public works	9,390,405	9,696,327	13,938,703
Health and social services	147,007	234,124	310,365
Culture and recreation	5,894,494	6,736,108	6,836,437
Community and economic development	4,341,611	4,346,385	5,677,705
General government	3,918,550	4,244,545	4,619,221
Debt service	930,278	831,315	754,989
Total governmental activities expenses	<u>31,224,453</u>	<u>34,153,817</u>	<u>39,330,266</u>
Business-type activities:			
Sewer	3,359,111	3,009,639	3,178,354
Refuse	2,011,573	2,142,679	2,355,999
Storm Water	619,192	652,999	620,460
Total business-type activities expenses	<u>5,989,876</u>	<u>5,805,317</u>	<u>6,154,813</u>
Total primary government expenses	<u>\$ 37,214,329</u>	<u>\$ 39,959,134</u>	<u>\$ 45,485,079</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
Public Safety	\$ 567,948	\$ 534,722	\$ 538,398
Public Works	282,146	249,903	259,569
Culture and Recreation	2,024,082	2,028,869	2,184,620
General Government	1,165,048	1,466,523	1,191,151
Operating grants and contributions	2,461,032	2,365,608	2,153,921
Capital grants and contributions	4,922,588	4,395,714	7,183,972
Total governmental activities program revenues	<u>11,422,844</u>	<u>11,041,339</u>	<u>13,511,631</u>
Business-type activities:			
Charges for services:			
Sewer	3,794,631	3,775,728	3,999,239
Refuse	2,746,393	2,833,449	3,148,295
Storm Water	731,844	780,666	780,837
Capital grants and contributions: sewer and storm water	3,221,140	333,950	983,243
Total business-type activities program revenues	<u>10,494,008</u>	<u>7,723,793</u>	<u>8,911,614</u>
Total primary government program revenues	<u>\$ 21,916,852</u>	<u>\$ 18,765,132</u>	<u>\$ 22,423,245</u>
<b>Net (Expense)/Revenues</b>			
Governmental activities	(19,801,609)	(23,112,478)	(25,818,635)
Business-type activities	4,504,132	1,918,476	2,756,801
Total primary government net expense	<u>\$ (15,297,477)</u>	<u>\$ (21,194,002)</u>	<u>\$ (23,061,834)</u>

Fiscal Year

2010	2011	2012	2013	2014	2015	2016
\$ 7,725,740	\$ 8,625,520	\$ 8,462,143	\$ 9,491,677	\$ 9,293,710	\$ 9,285,835	\$ 9,720,423
10,699,831	10,949,200	12,971,278	11,909,568	12,086,420	12,301,197	11,782,921
164,836	326,666	316,339	320,864	166,764	279,734	276,202
6,864,804	7,104,212	7,098,908	7,262,110	7,135,841	7,560,018	7,679,626
7,019,195	7,291,549	7,815,848	8,357,058	5,134,158	5,661,653	5,747,990
4,797,762	4,493,885	4,333,403	4,890,409	4,684,649	4,319,945	3,855,419
741,933	551,543	452,378	228,173	183,339	166,377	157,356
<u>38,014,101</u>	<u>39,342,575</u>	<u>41,450,297</u>	<u>42,459,859</u>	<u>38,684,881</u>	<u>39,574,759</u>	<u>39,219,937</u>
3,187,378	3,223,476	3,336,990	3,617,688	3,971,854	4,702,339	4,822,038
2,410,813	2,537,735	2,492,305	2,770,264	2,960,082	2,744,057	2,829,990
732,218	693,075	722,991	728,713	835,029	1,000,434	925,595
<u>6,330,409</u>	<u>6,454,286</u>	<u>6,552,286</u>	<u>7,116,665</u>	<u>7,766,965</u>	<u>8,446,830</u>	<u>8,577,623</u>
<u>\$ 44,344,510</u>	<u>\$ 45,796,861</u>	<u>\$ 48,002,583</u>	<u>\$ 49,576,524</u>	<u>\$ 46,451,846</u>	<u>\$ 48,021,589</u>	<u>\$ 47,797,560</u>
\$ 597,348	\$ 661,784	\$ 748,246	\$ 673,860	\$ 661,382	\$ 640,025	\$ 620,779
240,997	217,172	199,648	204,592	179,494	174,750	179,815
2,170,036	2,206,722	2,469,465	2,400,747	2,518,347	2,226,514	2,501,785
1,587,244	1,588,066	1,682,397	1,632,567	1,773,501	1,547,812	2,009,261
1,606,798	2,360,697	1,695,117	2,098,639	1,818,312	1,502,835	1,911,261
8,928,178	15,073,637	11,529,905	6,479,932	3,576,733	1,628,293	3,055,296
<u>15,130,601</u>	<u>22,108,078</u>	<u>18,324,778</u>	<u>13,490,337</u>	<u>10,527,769</u>	<u>7,720,229</u>	<u>10,278,197</u>
4,015,527	4,138,346	4,313,923	4,574,181	4,837,116	5,067,148	5,279,521
3,186,384	3,318,008	3,328,306	2,996,396	3,139,016	2,855,267	2,910,356
787,942	806,364	826,986	890,893	831,083	830,501	937,310
128,795	460,559	140,450	577,411	689,285	731,471	1,034,068
<u>8,118,648</u>	<u>8,723,277</u>	<u>8,609,665</u>	<u>9,038,881</u>	<u>9,496,500</u>	<u>9,484,387</u>	<u>10,161,255</u>
<u>\$ 23,249,249</u>	<u>\$ 30,831,355</u>	<u>\$ 26,934,443</u>	<u>\$ 22,529,218</u>	<u>\$ 20,024,269</u>	<u>\$ 17,204,616</u>	<u>\$ 20,439,452</u>
(22,883,500)	(17,234,497)	(23,125,519)	(28,969,522)	(28,157,112)	(31,854,530)	(28,941,740)
1,788,239	2,268,991	2,057,379	1,922,216	1,729,535	1,037,557	1,583,632
<u>\$ (21,095,261)</u>	<u>\$ (14,965,506)</u>	<u>\$ (21,068,140)</u>	<u>\$ (27,047,306)</u>	<u>\$ (26,427,577)</u>	<u>\$ (30,816,973)</u>	<u>\$ (27,358,108)</u>

(continued)

**City of Cedar Falls, Iowa**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**  
**(Page 2 of 2)**

	Fiscal Year		
	2007	2008	2009
<b>General Revenues and Other Changes in Net Position</b>			
Governmental activities:			
General revenues:			
Property taxes and assessments	\$ 18,931,378	\$ 19,468,413	\$ 20,994,332
Other city taxes	4,582,479	5,060,324	5,308,296
Use of money and property	2,924,080	2,868,337	2,421,181
Intergovernmental	3,551,695	3,728,669	3,693,255
Miscellaneous	474,249	850,716	965,194
Gain on sale of assets	--	--	--
Utility contribution in lieu of taxes	1,400,000	1,400,000	1,500,000
Transfers	149,130	(852,444)	(413,819)
Total governmental activities	<u>32,013,011</u>	<u>32,524,015</u>	<u>34,468,439</u>
Business-type activities:			
General revenues:			
Property taxes and assessments	1,287	1,609	1,961
Use of money and property	424,012	351,099	224,133
Intergovernmental	--	--	--
Transfers	(149,130)	852,444	413,819
Total business-type activities	<u>276,169</u>	<u>1,205,152</u>	<u>639,913</u>
Total primary government	<u>\$ 32,289,180</u>	<u>\$ 33,729,167</u>	<u>\$ 35,108,352</u>
<b>Change in Net Position</b>			
Governmental activities	\$ 12,211,402	\$ 9,411,537	\$ 8,649,804
Business-type activities	4,780,301	3,123,628	3,396,714
Total primary government	<u>\$ 16,991,703</u>	<u>\$ 12,535,165</u>	<u>\$ 12,046,518</u>

(continued)

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
\$ 22,066,237	\$ 23,378,676	\$ 23,802,124	\$ 24,695,940	\$ 21,248,529	\$ 25,096,699	\$ 24,991,769
5,022,500	5,291,546	5,754,706	5,544,604	6,036,891	5,935,675	5,820,244
1,640,456	1,344,936	1,275,402	1,268,202	1,120,041	1,187,617	1,252,423
4,258,253	4,269,954	4,296,073	4,405,345	4,545,694	25,400,155	6,503,056
1,127,964	1,324,189	1,014,890	1,375,437	1,389,109	844,766	1,616,773
--	5,668	6,606	--	--	--	3,864
1,524,990	1,575,010	1,625,000	1,637,000	1,725,000	3,402,949	4,175,000
82,559	(5,771,627)	(8,919,154)	(1,843,432)	2,676,469	(356,735)	(970,732)
<u>35,722,959</u>	<u>31,418,352</u>	<u>28,855,647</u>	<u>37,083,096</u>	<u>38,741,733</u>	<u>61,511,126</u>	<u>43,392,397</u>
1,748	--	--	--	--	--	--
76,663	37,934	36,137	38,886	44,547	50,802	69,673
--	--	--	--	94,186	88,596	118,076
(82,559)	5,771,627	8,919,154	1,843,432	(2,676,469)	356,735	970,732
(4,148)	5,809,561	8,955,291	1,882,318	(2,537,736)	496,133	1,158,481
<u>\$ 35,718,811</u>	<u>\$ 37,227,913</u>	<u>\$ 37,810,938</u>	<u>\$ 38,965,414</u>	<u>\$ 36,203,997</u>	<u>\$ 62,007,259</u>	<u>\$ 44,550,878</u>
\$ 12,839,459	\$ 14,183,855	\$ 5,730,128	\$ 8,113,574	\$ 10,584,621	\$ 29,656,596	\$ 14,450,657
1,784,091	8,078,552	11,012,670	3,804,534	(808,201)	1,533,690	2,742,113
<u>\$ 14,623,550</u>	<u>\$ 22,262,407</u>	<u>\$ 16,742,798</u>	<u>\$ 11,918,108</u>	<u>\$ 9,776,420</u>	<u>\$ 31,190,286</u>	<u>\$ 17,192,770</u>

**City of Cedar Falls, Iowa**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year			
	2007	2008	2009	2010
<b>General Fund</b>				
Nonspendable	\$ 147,220	\$ 131,466	\$ 132,803	\$ 178,147
Assigned	1,196,550	1,122,010	1,246,712	1,620,436
Unassigned	6,221,822	6,291,771	6,473,074	6,489,104
Total general fund	<u>\$ 7,565,592</u>	<u>\$ 7,545,247</u>	<u>\$ 7,852,589</u>	<u>\$ 8,287,687</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 151,510	\$ 83,341	\$ 84,791	\$ 126,255
Restricted	24,333,854	27,182,248	25,967,407	26,841,011
Committed	13,069,761	13,723,684	14,395,783	15,163,647
Assigned	9,382,350	9,700,146	9,526,406	11,201,701
Unassigned	(701,932)	(358,297)	(186,530)	(1,740,555)
Total all other governmental funds	<u>\$ 46,235,543</u>	<u>\$ 50,331,122</u>	<u>\$ 49,787,857</u>	<u>\$ 51,592,059</u>



Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 181,341	\$ 180,689	\$ 241,612	\$ 195,196	\$ 183,922	\$ 164,808
1,445,007	1,722,948	1,817,084	2,205,244	2,277,562	2,589,832
6,498,932	7,045,817	6,978,807	7,333,349	7,603,109	8,401,303
<u>\$ 8,125,280</u>	<u>\$ 8,949,454</u>	<u>\$ 9,037,503</u>	<u>\$ 9,733,789</u>	<u>\$ 10,064,593</u>	<u>\$ 11,155,943</u>
\$ 201,205	\$ 256,912	\$ 306,613	\$ 257,741	\$ 562,516	\$ 678,404
27,037,209	25,892,197	25,435,109	26,920,959	28,101,815	29,490,897
15,697,718	16,145,534	16,551,115	17,029,200	17,408,842	17,820,657
10,758,664	12,916,571	14,559,803	19,036,386	42,072,607	37,461,720
(2,840,288)	(4,343,889)	(1,193,291)	(5,580,797)	(5,289,619)	(2,044,819)
<u>\$ 50,854,508</u>	<u>\$ 50,867,325</u>	<u>\$ 55,659,349</u>	<u>\$ 57,663,489</u>	<u>\$ 82,856,161</u>	<u>\$ 83,406,859</u>

**City of Cedar Falls, Iowa**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year			
	2007	2008	2009	2010
<b>Revenues:</b>				
Property taxes and assessments	\$ 18,931,049	\$ 19,459,594	\$ 20,994,332	\$ 22,066,237
Other city taxes	4,564,009	5,032,798	5,338,098	5,029,677
Licenses and permits	785,116	1,031,667	767,938	1,106,716
Use of money and property	2,924,080	2,868,337	2,421,181	1,640,456
Intergovernmental	7,047,600	9,153,104	10,189,992	12,351,723
Charges for services	2,787,909	2,827,076	2,969,223	3,115,157
Fines and forfeitures	466,199	421,274	436,578	373,752
Miscellaneous	648,118	803,161	994,537	1,057,446
Utility contribution in lieu of taxes	1,400,000	1,400,000	1,500,000	1,524,990
<b>Total revenues</b>	<b>\$ 39,554,080</b>	<b>\$ 42,997,011</b>	<b>\$ 45,611,879</b>	<b>\$ 48,266,154</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety	\$ 7,373,826	\$ 7,996,188	\$ 7,551,507	\$ 7,922,903
Public works	7,928,949	7,282,523	7,783,897	8,816,278
Health and social services	838,185	87,286	163,528	87,304
Culture and recreation	5,330,482	5,536,483	6,065,698	6,076,258
Community and economic development	2,345,866	2,529,313	2,253,049	2,291,861
General government	3,929,548	4,168,161	4,381,790	4,613,684
<b>Debt service</b>				
Principal	3,040,000	2,850,000	2,910,000	2,930,000
Interest	916,414	806,181	739,841	728,057
<b>Capital projects</b>	<b>5,392,998</b>	<b>9,857,325</b>	<b>13,486,565</b>	<b>16,357,586</b>
<b>Total expenditures</b>	<b>\$ 37,096,268</b>	<b>\$ 41,113,460</b>	<b>\$ 45,335,875</b>	<b>\$ 49,823,931</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 2,457,812</b>	<b>\$ 1,883,551</b>	<b>\$ 276,004</b>	<b>\$ (1,557,777)</b>
<b>Other financing sources (uses):</b>				
Issuance of long-term debt	\$ --	\$ 4,820,000	\$ --	\$ 3,440,000
Premium on long-term debt	--	--	--	227,162
Issuance of refunding debt	--	(1,645,000)	--	5,135,000
Discount on long-term debt	--	(30,125)	--	(28,724)
Payments on refunding bonds	--	--	--	(5,325,000)
Transfers in	5,914,848	8,358,264	10,291,922	11,017,106
Transfers out	(5,842,507)	(9,227,533)	(10,806,635)	(10,755,275)
<b>Total other financing sources (uses)</b>	<b>\$ 72,341</b>	<b>\$ 2,275,606</b>	<b>\$ (514,713)</b>	<b>\$ 3,710,269</b>
<b>Net change in fund balances</b>	<b>\$ 2,530,153</b>	<b>\$ 4,159,157</b>	<b>\$ (238,709)</b>	<b>\$ 2,152,492</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>14.6%</b>	<b>11.4%</b>	<b>10.1%</b>	<b>10.3%</b>

Fiscal Year

2011	2012	2013	2014	2015	2016
\$ 23,378,676	\$ 23,766,846	\$ 24,696,783	\$ 21,244,190	\$ 25,099,620	\$ 24,996,361
5,282,406	5,755,920	5,519,022	5,995,505	6,156,049	5,574,659
1,093,024	1,162,401	1,076,186	1,197,723	967,488	1,413,196
1,344,936	1,275,402	1,268,202	1,120,040	1,187,617	1,252,423
21,764,416	18,920,930	12,599,954	8,688,760	27,494,197	9,556,156
3,179,755	3,507,339	3,386,415	3,542,072	3,329,061	3,613,510
400,965	430,016	449,165	392,928	292,551	284,934
1,370,497	1,052,265	1,358,192	1,400,551	1,154,586	1,598,216
1,575,010	1,625,000	1,637,000	1,725,000	3,402,949	4,175,000
<u>\$ 59,389,685</u>	<u>\$ 57,496,119</u>	<u>\$ 51,990,919</u>	<u>\$ 45,306,769</u>	<u>\$ 69,084,118</u>	<u>\$ 52,464,455</u>
\$ 8,155,206	\$ 8,375,158	\$ 8,999,942	\$ 9,188,529	\$ 9,736,872	\$ 9,888,523
9,027,992	10,810,336	10,089,252	9,325,749	10,078,273	9,762,190
178,084	167,759	172,284	18,184	150,853	127,222
6,557,554	6,410,049	6,449,626	6,130,462	6,949,450	6,868,429
2,602,604	2,447,212	2,646,490	2,351,253	2,529,858	2,486,183
4,316,949	4,775,981	4,684,063	4,592,138	3,376,609	3,700,513
3,235,000	3,415,000	2,685,000	2,775,000	1,040,000	1,070,000
596,048	503,383	271,009	216,208	156,875	148,071
20,000,053	11,390,660	9,544,629	10,593,247	9,106,571	15,604,458
<u>\$ 54,669,490</u>	<u>\$ 48,295,538</u>	<u>\$ 45,542,295</u>	<u>\$ 45,190,770</u>	<u>\$ 43,125,361</u>	<u>\$ 49,655,589</u>
<u>\$ 4,720,195</u>	<u>\$ 9,200,581</u>	<u>\$ 6,448,624</u>	<u>\$ 115,999</u>	<u>\$ 25,958,757</u>	<u>\$ 2,808,866</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	3,320,000	--	--	--	--
--	(8,300)	--	--	--	--
--	(3,285,000)	--	--	--	--
9,806,376	11,275,219	13,297,694	12,547,589	10,234,634	11,283,281
(15,504,674)	(19,720,563)	(14,976,869)	(9,867,874)	(10,863,417)	(12,571,873)
<u>\$ (5,698,298)</u>	<u>\$ (8,418,644)</u>	<u>\$ (1,679,175)</u>	<u>\$ 2,679,715</u>	<u>\$ (628,783)</u>	<u>\$ (1,288,592)</u>
<u>\$ (978,103)</u>	<u>\$ 781,937</u>	<u>\$ 4,769,449</u>	<u>\$ 2,795,714</u>	<u>\$ 25,329,974</u>	<u>\$ 1,520,274</u>
10.7%	10.2%	8.0%	8.9%	3.5%	3.9%

**City of Cedar Falls, Iowa**  
**Assessed and Taxable Value of Property**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Levy Year	For Fiscal Year Ending June 30,	Real and Personal Property			
		Regular		Agricultural Land	
		Taxable Value	Assessed Value	Taxable Value	Assessed Value
2006	2007	\$ 985,250,869	\$ 1,925,987,344	\$ 5,771,140	\$ 5,771,140
2007	2008	1,018,530,684	2,008,358,826	5,453,530	5,453,530
2008	2009	1,098,295,277	2,246,385,815	5,438,677	6,036,110
2009	2010	1,150,078,051	2,330,760,155	5,525,128	5,886,760
2010	2011	1,185,969,161	2,393,911,221	5,381,329	8,196,740
2011	2012	1,254,821,347	2,450,027,899	5,572,605	8,292,560
2012	2013	1,393,511,204	2,608,407,333	5,671,067	9,912,510
2013	2014	1,622,862,335	2,640,558,870	5,918,449	9,875,030
2014	2015	1,490,616,188	2,715,410,009	6,002,443	13,830,630
2015	2016	1,509,722,828	2,756,113,698	5,886,712	13,291,670

Source: Black Hawk County Auditor's Office.

**Note:** Property in the city is reassessed every other year. Tax rates are per \$1,000 of assessed value.

Total		Total Taxable Value as a Percentage of Assessed Value	Total Direct Tax Rate
Taxable Value	Assessed Value		
\$ 991,022,009	\$ 1,931,758,484	51.30 %	\$ 13.84420
1,023,984,214	2,013,812,356	50.85	13.60793
1,103,733,954	2,252,421,925	49.00	13.26327
1,155,603,179	2,336,646,915	49.46	13.02110
1,191,350,490	2,402,107,961	49.60	12.99252
1,260,393,952	2,458,320,459	51.27	12.86369
1,399,182,271	2,618,319,843	53.44	12.20300
1,628,780,784	2,650,433,900	61.45	12.02123
1,496,618,631	2,729,240,639	54.84	11.81029
1,515,609,540	2,769,405,368	54.73	11.52796

**City of Cedar Falls, Iowa  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	City of Cedar Falls			Overlapping Rates Black Hawk County		
	Operating Millage	Debt Service	Total City Millage	Operating Millage	Debt Service	Total County Millage
2007	\$ 12.51746	\$ 1.32674	\$ 13.84420	\$ 6.83182	\$ 0.55784	\$ 7.38966
2008	12.41427	1.19366	13.60793	6.82613	0.58407	7.41020
2009	11.94886	1.31441	13.26327	6.35616	0.57975	6.93591
2010	11.82625	1.19485	13.02110	6.12831	0.57689	6.70520
2011	11.81700	1.17552	12.99252	6.22972	0.44212	6.67184
2012	11.79924	1.06445	12.86369	5.92415	0.67322	6.59737
2013	11.68479	0.51821	12.20300	5.59849	0.64144	6.23993
2014	11.45923	0.56200	12.02123	5.39234	0.62882	6.02116
2015	11.21478	0.59551	11.81029	5.52447	0.59472	6.11919
2016	10.93601	0.59195	11.52796	5.43985	1.30832	6.74817

Source: Department of Management website

**Note:** The city's general fund maximum property tax rate may only be \$8.10 per \$1,000 of valuation. The remaining portion of the operating rate and the rate for debt service are set based on each year's requirements.

### Overlapping Rates

Schools				
Operating Millage	Debt Service	Total School Millage	Other	Total
\$ 13.02447	\$ --	\$ 13.02447	\$ 1.34392	\$ 35.60225
13.13283	--	13.13283	1.18405	35.33501
13.73251	--	13.73251	1.36422	35.29591
13.73228	--	13.73228	1.33721	34.79579
14.15215	--	14.15215	1.38794	35.20445
13.78651	--	13.78651	1.28109	34.52866
13.37802	--	13.37802	1.33770	33.15865
12.82531	--	12.82531	1.36950	32.23720
12.78447	--	12.78447	1.35851	32.07246
12.44447	--	12.44447	1.34658	32.06718

**City of Cedar Falls, Iowa  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	2007		
	Assessed Valuation for Fiscal Year 2006 - 2007	Rank	Percentage of Total Assessed Valuation
Target Corporation	\$ 42,724,630	1	2.21 %
Cedar Falls Utilities	--	--	--
College Square Mall Assoc. LLC	33,663,760	2	1.74
Walmart Re Business Trust	8,883,330	8	0.46
Menard, Inc.	--	--	--
Midland Tarkenton, LLC	--	--	--
WB CF Assoc LTD Partners	9,800,000	6	0.51
Scion UNI Investors, LLC	--	--	--
Martin Realty Company, LLC	--	--	--
Goldenstar Apartments, LLP	--	--	--
R and N Investments	13,093,600	3	0.68
Panther Development, LLC	12,035,500	4	0.62
Cedar Falls Investments, LLC	9,463,530	7	0.49
Twenty Seventh Street Assoc, LLC	11,900,000	5	0.62
Bossard US Holdings, Inc.	7,592,950	10	0.39
Christopherson, Jerry	8,116,980	9	0.42
	<u>\$ 157,274,280</u>		<u>8.14 %</u>

Source: Black Hawk County Auditor's Office



2016

Assessed Valuation for Fiscal Year 2015 - 2016	Rank	Percentage of Total Assessed Valuation
\$ 76,821,060	1	2.77 %
56,692,861	2	2.05
20,724,950	3	0.75
13,564,950	5	0.49
14,186,700	4	0.51
12,751,140	6	0.46
11,967,930	7	0.43
11,060,560	8	0.40
11,033,220	9	0.40
10,734,580	10	0.39
--	--	--
--	--	--
--	--	--
--	--	--
--	--	--
--	--	--
\$ 239,537,951		8.65 %

**City of Cedar Falls, Iowa**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Levy Year	For Fiscal Year Ending June 30,	Total Tax Levy	Current Tax Collection	Percentage of Current Taxes Collected	Delinquent Tax Collections
2006	2007	\$ 13,963,307	\$ 14,007,852	100.32 %	\$ 108
2007	2008	14,161,581	14,114,301	99.67	6,972
2008	2009	14,989,920	14,915,373	99.50	1,464
2009	2010	15,398,267	15,370,354	99.82	2,009
2010	2011	15,871,931	15,850,623	99.87	7,350
2011	2012	16,552,835	16,576,996	100.15	15,223
2012	2013	17,287,168	17,091,764	98.87	3,967
2013	2014	19,694,615	19,537,939	99.20	16,281
2014	2015	17,900,282	17,785,682	99.36	14,266
2015	2016	17,905,235	17,595,907	98.27	18,813

Source: Black Hawk County Auditor's Office.

Total Tax Collections	Total Tax Collections as a Percentage of Total Tax Levy	Outstanding Delinquent Taxes	Delinquent Taxes as a Percentage of Total Tax Levy
\$ 14,007,960	100.32 %	\$ 48,550	0.35 %
14,121,273	99.72	47,296	0.33
14,916,837	99.51	45,039	0.30
15,372,363	99.83	39,266	0.26
15,857,973	99.91	38,380	0.24
16,592,219	100.24	22,693	0.14
17,095,731	98.89	25,924	0.15
19,554,220	99.29	14,435	0.07
17,799,948	99.44	18,813	0.11
17,614,720	98.38	16,461	0.09

**City of Cedar Falls, Iowa**  
**1/1/2015 VALUATIONS (Taxes Payable July 1, 2016 to June 30, 2017)**

	<u>100% Actual Value</u>	<u>Taxable Value (with Rollback)</u>
Residential	\$ 2,194,232,610	\$ 1,217,426,499
Commercial	294,824,368	257,720,586
Industrial	23,797,530	19,712,029
Multi-Residential	82,347,456	71,024,706
Railroad	1,884,999	1,696,499
Utilities	4,823,328	4,823,328
Gross Valuation	\$ 2,601,910,291	\$ 1,572,403,647
Less military exemption	(3,111,360)	(3,111,360)
Net Valuation	\$ 2,598,798,931	\$ 1,569,292,287
TIF increment (used to compute debt services levies and constitutional debt limit)	\$ 316,338,688 <sup>1</sup>	\$ 286,407,647 <sup>1</sup>
Taxes separately		
AG. Land	\$ 12,095,580	\$ 5,552,418
Ag. Buildings	\$ 552,050	\$ 255,542
Utilities - Gas & Electric	\$ 56,699,937	\$ 5,196,961

<sup>1</sup> TIF Increment is reduced by \$55,560 of military exemption

**2015 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY<sup>1</sup>**

	<u>Taxable Valuation</u>	<u>Percent Total</u>
Residential	\$ 1,217,426,499	77.17%
Commercial, Industrial & Utility	282,255,943	17.89%
Multi-Residential	71,024,706	4.50%
Gas & Electric Utilities	5,196,961	0.33%
Railroad	1,696,499	0.11%
Total Gross Taxable Valuation	\$ 1,577,600,608	100.00%

<sup>1</sup>Excludes Taxable TIF Increment, Ag. Land and Ag. Buildings

**City of Cedar Falls, Iowa**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government
	General Obligation Bonds/Notes	Tax Increment	General Obligation Bonds/Notes	Revenue Debt	
		Financing			
		Bonds/Notes General Obligation			
2007	\$ 14,544,995	\$ 5,520,948	\$ 2,264,406	\$ 2,725,152	\$ 25,055,501
2008	15,741,222	4,645,486	5,790,799	1,000,789	27,178,296
2009	13,757,378	3,745,024	5,254,409	761,924	23,518,735
2010	15,061,148	2,974,583	4,708,019	--	22,743,750
2011	12,671,792	2,095,682	4,136,629	--	18,904,103
2012	10,168,719	1,176,781	3,553,231	210,640	15,109,371
2013	8,024,356	597,880	2,942,333	210,640	11,775,209
2014	5,819,312	--	2,311,436	6,744,000	14,874,748
2015	4,790,677	--	1,650,539	6,482,000	12,923,216
2016	3,765,000	--	985,000	6,211,000	10,961,000

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Amounts presented are net of discounts, premiums, and adjustments.

<sup>1</sup> Population and personal income data can be found on page 154.

<u>Percentage of Personal Income<sup>1</sup></u>	<u>Per Capita<sup>1</sup></u>
2.13 %	\$ 688
2.14	723
1.88	615
1.67	590
1.32	482
1.04	385
0.77	300
0.92	379
0.79	329
0.68	279

**City of Cedar Falls, Iowa**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Debt</u>	<u>Taxable Value of Property</u>	<u>Percentage Taxable Value of Property</u>	<u>Assessed Value of Property</u>
2007	\$ 22,330,349	\$ 991,022,009	2.25 %	\$ 1,931,758,484
2008	26,177,507	1,023,984,214	2.56	2,013,812,356
2009	22,756,811	1,103,733,954	2.06	2,252,421,925
2010	22,743,750	1,155,603,179	1.97	2,336,646,915
2011	18,904,103	1,191,350,490	1.59	2,402,107,961
2012	14,898,731	1,260,393,952	1.18	2,458,320,459
2013	11,564,569	1,399,182,271	0.83	2,618,319,843
2014	8,130,748	1,628,780,784	0.50	2,650,433,900
2015	6,441,216	1,496,618,631	0.43	2,729,240,639
2016	4,750,000	1,515,609,540	0.31	2,769,405,368

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Includes only general obligation debt supported by property tax dollars.

<u>Percentage Assessed Value of Property</u>	<u>Per Capita</u>
1.16 %	\$ 612.98
1.30	696.53
1.01	594.87
0.97	589.86
0.79	481.51
0.61	379.49
0.44	294.56
0.31	207.10
0.24	164.07
0.17	120.99



**City of Cedar Falls, Iowa  
Direct and Overlapping Debt  
As of June 30, 2016**

<u>Jurisdiction</u>	<u>Net General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City <sup>1</sup></u>	<u>Amount Applicable to Government</u>
Direct, City of Cedar Falls, Iowa	\$ <u>3,765,000</u>	100.00 %	\$ <u>3,765,000</u>
Overlapping:			
Black Hawk County	\$ 37,940	33.40	\$ 12,672
Cedar Falls Public School District	---	---	---
Area VII Hawkeye Community College	<u>3,680,000</u>	19.39	<u>713,552</u>
Total Overlapping	\$ <u>3,717,940</u>		\$ <u>726,224</u>
Total	\$ <u><u>7,482,940</u></u>		\$ <u><u>4,491,224</u></u>

Source: Black Hawk County Auditor

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Cedar Falls. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>1</sup>. The percentage of overlapping debt applicable is estimated using net taxable property values. Applicable percentages were estimated by determining the portion of the County's net value that is within the government's boundaries and dividing it by the county's total value.

**City of Cedar Falls, Iowa  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	2008	2009	2010	2011	2012
Debt Limit	\$ 100,807,511	\$ 114,324,931	\$ 118,846,750	\$ 122,094,381	\$ 125,016,901
Total net debt applicable to limit	28,070,000	24,235,000	25,005,000	20,770,000	16,660,000
Legal debt margin	<u>\$ 72,737,511</u>	<u>\$ 90,089,931</u>	<u>\$ 93,841,750</u>	<u>\$ 101,324,381</u>	<u>\$ 108,356,901</u>
Total net debt applicable to the limit as a percentage of of debt limit	27.85%	21.20%	21.04%	17.01%	13.33%

**Note:** Under Iowa code, the city's outstanding general obligation debt should not exceed 5 percent of total assessed property value.

2013	2014	2015	2016	2017
\$ 132,967,511	\$ 134,876,517	\$ 134,876,517	\$ 139,586,122	\$ 142,421,126
13,205,000	9,640,000	9,640,000	7,770,000	5,920,000
\$ 119,762,511	\$ 125,236,517	\$ 125,236,517	\$ 131,816,122	\$ 136,501,126

9.93%                      7.15%                      7.15%                      5.57%                      4.16%

**Legal Debt Margin Calculation for Fiscal Year 2017**

Estimated actual valuation	<u>\$ 2,848,422,521</u>
Debt limit - 5% of total actual valuation	\$ 142,421,126
Debt applicable to debt limit:	
General obligation bonds	4,750,000
General obligation bonds - component unit	<u>1,170,000</u>
Legal debt margin	<u>\$ 136,501,126</u>

**City of Cedar Falls, Iowa  
Revenue Bond Coverage  
Sewer Authority  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Less: Operating Expenses <sup>1</sup></u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements <sup>2</sup></u>	
				<u>Principal</u>	<u>Interest</u>
2007	\$ 4,157,338	\$ 2,350,397	\$ 1,806,941	\$ 680,000	\$ 146,788
2008	4,070,619	1,977,204	2,093,415	1,735,000	116,368
2009	4,169,965	2,077,587	2,092,378	240,000	28,583
2010	4,066,110	2,076,689	1,989,421	765,000	22,103
2011	4,162,150	2,113,283	2,048,867	--	--
2012	4,333,859	1,902,799	2,431,060	--	5,108
2013	4,596,372	2,254,091	2,342,281	--	6,319
2014	4,859,057	2,364,332	2,494,725	254,104	83,016
2015	5,092,146	2,415,557	2,676,589	262,000	219,180
2016	5,314,436	2,532,407	2,782,029	271,000	210,665

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Net of depreciation, interest, and debt service transfers.

<sup>2</sup> Includes principal and interest of revenue bonds only.

Debt Service  
Requirements<sup>2</sup>

<u>Total</u>	<u>Coverage</u>
\$ 826,788	2.19
1,851,368	1.13
268,583	7.79
787,103	2.53
--	--
5,108	475.93
6,319	370.67
337,120	7.40
481,180	5.56
481,665	5.78

**City of Cedar Falls, Iowa**  
**Sales History and Total Sewer Charges**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Water Sales (CCF)</u>	<u>Sewer Charges</u>
2006 - 07	1,695,516	\$ 3,694,725
2007 - 08	1,765,541	4,492,230
2008 - 09	1,873,290	4,666,695
2009 - 10	1,523,683	4,665,753
2010 - 11	1,664,689	4,735,783
2011 - 12	1,750,015	4,953,584
2012 - 13	1,826,789	5,238,056
2013 - 14	1,759,171	5,501,090
2014 - 15	1,615,619	5,714,250
2015 - 16	1,611,698	5,916,770

Source: Cedar Falls Utilities

**City of Cedar Falls, Iowa  
Water Meter by Rate Class  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Government</u>	<u>Other</u>	<u>Total</u>
2007	11,237	955	35	190	3	12,420
2008	11,445	983	38	195	3	12,664
2009	11,258	972	35	197	3	12,465
2010	11,529	984	34	196	3	12,746
2011	11,814	991	33	200	3	13,041
2012	11,957	995	33	208	3	13,196
2013	12,328	1,002	32	211	3	13,576
2014	12,313	1,024	33	213	3	13,586
2015	12,154	1,403	33	173	3	13,766
2016	12,238	1,423	31	206	3	13,901

Source: Cedar Falls Utilities

**City of Cedar Falls, Iowa  
Largest Sewer Customers  
Fiscal Year 2016**

Customer		Water Sales (CCF)	Percent of Total Water Sales		Sewer Charges	Percent of Total Sewer Charges
University of Northern Iowa	1	87,137	5.41 %	\$	281,584	4.76 %
Western Home Communities	2	24,926	1.55		113,306	1.91
Country Terrace MHP LLC-700 W Ridgeway	3	18,257	1.13		88,945	1.50
Nazareth Lutheran Church	4	17,025	1.06		47,377	0.80
Target Corporation	5	12,723	0.79		55,494	0.94
Scion UNI Investors, Inc.	6	10,020	0.62		39,834	0.67
CF Schools	7	9,682	0.60		35,625	0.60
Metokote Corporation	8	9,107	0.57		26,350	0.45
Happy Hippo Car Wash, LLC	9	8,848	0.55		25,150	0.43
Sartori Memorial Hospital, Inc.	10	8,773	0.54		23,975	0.41
Newaldaya Lifescapes	11	8,510	0.53		34,672	0.59
Gold Falls Villa Apts.	12	6,939	0.43		49,498	0.84

Total 2016 CCF	1,611,698
Total 2016 Sewer Billings	\$5,916,770

Source: Cedar Falls Utilities, Finance Dept. special IS report



**City of Cedar Falls, Iowa  
Demographic and Economic Statistics  
Last Ten Calendar Years**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income<sup>1</sup></u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2007	36,429	\$ 1,174,398,102	\$ 32,238	25.7	4,502	2.3
2008	37,583	1,271,771,137	33,839	25.7	4,501	2.6
2009	38,255	1,251,129,775	32,705	25.7	4,515	3.2
2010	38,558	1,365,261,664	35,408	25.4	4,678	4.2
2011	39,260	1,428,121,760	36,376	26.8	4,645	5.9
2012	39,260	1,448,811,780	36,903	26.8	5,068	3.8
2013	39,260	1,538,795,700	39,195	26.8	5,121	3.5
2014	39,260	1,622,969,140	41,339	26.8	5,151	3.1
2015	39,260	1,639,850,940	41,769	26.5	5,151	4.8
2016	39,260	1,617,197,920	41,192	26.5	5,300	4.9

Sources: Population provided by the US Census Bureau. School enrollment is supplied by the Cedar Falls Board of Education. Unemployment data provided by the Iowa Workforce.

**Note:** Population and median age information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

<sup>1</sup> Per Capita Income is based on Metropolitan Waterloo/Cedar Falls and based on figures from Bureau of Economic Analysis.

Beginning in 2015 the Unemployment rate is based on the Metropolitan Waterloo/Cedar Falls area.

**City of Cedar Falls, Iowa  
Principal Employers  
Current Year and Nine Years Ago**

Employees	2007		
	Number of Employees <sup>1</sup>	Rank	Percentage of Total City Employment
John Deere Product Engineer Center <sup>2</sup>	4,550	1	22.04%
Wheaton Franciscan Healthcare <sup>2</sup>	--	--	--
University of Northern Iowa	2,076	2	10.06%
Cedar Falls Community School District	623	4	3.02%
Area Education Agency 267	--	--	--
Hy-Vee Food Stores <sup>2</sup>	--	--	--
Martin Brothers Distributing Co., Inc	387	8	1.87%
Viking Pump Inc, Unit of Index Corp.	430	7	2.08%
City of Cedar Falls/Municipal Utilities	503	5	2.44%
Target Distribution	800	3	3.88%
Wal-Mart Super Center <sup>2</sup>	500	6	2.42%
The Western Home	305	10	1.48%
Sartori Hospital	305	9	1.48%
Total	10,479		50.77%

Source: Official Bond Statements from Public Financial Management, Inc.

<sup>1</sup> Number of employees includes all full-time, part-time and seasonal employees.

<sup>2</sup> Number of employees includes multiple locations in both Cedar Falls and Waterloo.

2016		
<u>Number of Employees<sup>1</sup></u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
5,500	1	14.01%
2,738	2	6.97%
2,260	3	5.76%
766	4	1.95%
600	5	1.53%
588	6	1.50%
534	7	1.36%
500	8	1.27%
496	9	1.26%
490	10	1.25%
--	--	--
--	--	--
--	--	--
14,472		36.86%

**City of Cedar Falls, Iowa**  
**Full-Time Equivalent City Government Employees by Function/Department**  
**Last Ten Fiscal Years**

	Full-Time Equivalent Employees as of June 30			
	2007	2008	2009	2010
Public Safety				
Police	51.49	51.69	53.44	52.69
Fire	35.65	35.65	35.65	35.65
Inspection Services	6.50	6.40	6.40	7.40
Public Works				
Streets	24.37	24.37	20.56	20.56
Parking	3.66	3.61	3.61	3.61
Engineering	11.57	11.42	11.42	11.42
Culture and Recreation				
Municipal Operations & Programs Admin.	2.25	2.25	2.25	2.25
Cultural Services	8.00	8.00	8.00	8.20
Cemetery	4.60	4.60	4.60	4.60
Golf	5.50	4.70	4.90	5.30
Parks	18.48	18.90	20.10	20.10
Recreation	30.88	32.23	33.50	34.26
Library	17.53	17.25	17.25	17.55
Senior Services	0.50	0.50	1.23	1.23
Visitor & Tourism	2.90	2.90	3.20	3.20
Community & Economic Development				
Community Development Admin.	1.50	1.50	1.50	1.50
Economic Development	1.77	2.10	2.26	2.00
Planning & Community Services	3.68	3.68	3.68	3.68
Block Grant	2.17	1.84	1.68	1.69
Housing Vouchers	1.79	1.79	1.79	1.84
Section 8 Housing	--	--	--	--
General Government				
Mayor's Office	1.50	1.50	1.50	1.50
Finance & Business Operations Admin.	1.50	1.50	1.50	1.50
Financial Services	5.95	6.45	6.45	6.45
Legal Services	3.00	3.00	3.00	3.00
Personnel	--	--	--	--
Public Records	3.45	3.70	3.70	3.70
Cable TV	4.30	4.50	4.50	4.50
Print Shop	1.00	1.00	1.00	1.00
Public Buildings	14.71	15.25	15.25	15.25
Internal Service				
Information Systems	4.00	4.00	4.00	4.00
Vehicle Maintenance	6.10	6.10	6.10	6.10
Sewer	16.30	16.72	18.38	18.38
Refuse	17.80	17.80	19.30	19.30
Storm Water	3.25	3.30	3.30	3.30
Total	317.65	320.20	325.00	326.71

Source: City's Financial Plans

Full-Time Equivalent Employees as of June 30

2011	2012	2013	2014	2015	2016
51.74	50.87	50.77	49.03	46.75	47.19
33.80	33.80	35.20	35.83	34.86	34.86
7.40	7.40	9.30	8.23	7.50	7.50
21.56	22.26	22.06	22.32	24.10	24.10
3.61	3.61	3.81	2.14	1.97	1.97
11.42	11.42	11.52	10.52	10.45	10.45
2.25	2.25	2.25	2.25	1.75	1.75
8.48	8.50	8.52	8.37	8.85	8.85
4.60	4.60	4.60	4.45	4.45	4.45
5.00	5.00	5.00	4.93	4.93	4.93
20.65	20.65	21.45	17.66	17.41	17.41
35.26	35.26	35.26	35.59	34.59	34.59
17.73	18.56	19.84	20.76	20.96	20.96
0.78	0.78	0.78	0.15	0.15	0.15
3.20	3.20	3.20	3.18	3.28	3.28
1.50	1.50	1.50	1.50	1.25	1.25
2.00	2.12	2.02	2.09	0.00	0.00
3.68	3.68	3.68	3.67	6.08	6.08
1.67	1.69	1.79	1.40	1.13	1.13
1.87	1.92	1.93	1.49	1.13	1.12
--	--	--	--	--	--
1.50	1.50	1.50	1.10	1.10	1.10
1.50	1.50	1.50	1.00	1.00	1.00
6.45	6.45	5.95	5.58	6.58	6.58
3.00	3.00	3.00	2.00	2.00	2.00
--	--	--	--	--	--
3.70	3.70	4.10	3.95	3.73	3.73
4.50	4.50	4.50	5.00	5.00	5.00
1.00	1.00	1.00	1.00	0.00	0.00
15.84	15.84	15.84	14.61	1.73	1.73
4.00	4.00	4.00	4.00	4.00	4.00
6.10	6.10	6.10	7.68	7.68	7.68
18.38	18.38	18.38	17.98	18.27	17.96
22.35	21.35	21.35	19.41	18.79	18.79
4.30	4.30	4.30	4.30	4.30	4.30
330.82	330.69	335.98	323.17	305.77	305.89

**City of Cedar Falls, Iowa  
Operating Indicators by Function  
Last Ten Fiscal Years**

		Fiscal Year		
		2007	2008	2009
<b>Public Safety</b>				
Police				
	Physical arrests	1,421	1,353	1,501
	Traffic violations	2,562	7,267	3,544
	Parking violations	25,575	26,354	25,267
	Cars Booted <sup>2</sup>			
Fire				
	Number of calls answered	1,925	1,936	2,016
	Inspections conducted	2,331	2,470	2,076
<b>Sewer</b>				
Sewage System				
	Daily average treatment in gallons	5,730,000	6,510,000	5,130,000
	Maximum daily capacity of treatment plant in gallons	21,600,000	21,600,000	21,600,000
Water System				
	Daily average consumption in gallons	3,379,708	3,660,000	4,110,000
	Maximum daily capacity of plant in gallons	21,600,000	21,600,000	21,600,000
<b>Refuse<sup>1</sup></b>				
Solid Waste				
	32 Gallon Containers	3,382	3,529	3,735
	68 Gallon Containers	6,169	6,273	6,337
	95 Gallon Containers	1,652	1,760	1,876
Yard Waste				
	95 Gallon Containers	5,575	5,769	5,999

**Sources:** Various city departments

<sup>1</sup> Statistics begin in FY04

<sup>2</sup> Statistics begin in FY16

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
1,403	1,199	1,088	1,178	1,057	1,029	912
3,237	2,966	2,938	5,554	5,095	5,405	4,172
21,726	18,646	18,619	20,889	14,780	13,493	13,364
					184	252
1,937	1,924	2,166	2,190	2,113	2,037	2,257
3,750	1,854	1,929	2,843	2,318	1,214	2,681
5,726,000	5,210,000	4,100,000	4,100,000	4,930,000	4,520,000	5,790,000
21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000
4,135,000	3,400,000	3,400,000	3,400,000	4,090,000	3,380,000	3,276,000
22,813,000	23,400,000	23,400,000	23,400,000	23,400,000	23,400,000	23,400,000
4,047	4,343	4,572	4,600	4,905	4,347	4,659
6,490	6,780	6,990	6,899	7,165	6,305	6,610
1,998	2,163	2,301	2,307	2,398	1,638	1,777
6,281	6,554	6,741	6,916	7,155	7,239	7,419

**City of Cedar Falls, Iowa**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	Fiscal Year			
	2007	2008	2009	2010
Public safety				
Police				
Stations	1	1	1	1
Patrol Units	10	10	10	10
Fire				
Stations	2	2	2	2
Fire apparatus	8	8	8	8
Public works				
Streets				
Miles	210	215	217	217
Street lights	2,856	2,998	3,025	3,048
Health and social services				
Hospital	1	1	1	1
Number of patient beds	101	101	101	101
Cultural and Recreation				
Hearst Center for the Arts	1	1	1	1
Library	1	1	1	1
Cemeteries	3	3	3	3
Acreage	56.9	56.9	56.9	56.9
Golf	3	3	2	2
Miniature golf course	--	--	--	--
Parks	34	34	34	34
Acreage	1,116	1,136	1,136	1,136
Recreation				
Recreation Center	1	1	1	1
Swimming pools	3	3	3	3
Softball fields	8	8	8	9
Baseball fields	2	2	2	2
Tennis courts	6	6	6	6
Sewer				
Sewage System				
Miles of sanitary sewer	169	177	178.62	178.99
Miles of storm sewers	167	168	171.2	171.4
Number of treatment plants	1	1	1	1
Number of service connectors	11,966	11,975	12,145	12,187
Water Systems				
Miles of water mains	181.80	192.90	195.70	198.24
Number of service connectors	12,041	12,212	12,169	12,328
Number of city owned fire hydrants	1,771	1,951	1,892	1,923

**Sources:** Various city departments



Fiscal Year					
2011	2012	2013	2014	2015	2016
1	1	1	1	1	1
10	10	10	10	10	10
2	3	3	3	3	3
8	8	8	8	8	8
217	217	217	217	217	218
3,080	3,088	3,104	3,109	3,116	3,178
1	1	1	1	1	1
101	101	101	101	101	101
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	3	3	3
56.9	56.9	56.9	56.9	56.9	56.9
2	2	2	2	2	2
--	--	--	--	--	--
34	33	34	35	35	35
1,136	1,131	1,132	1,148	1,148	1,148
1	1	1	1	1	1
3	3	3	3	3	3
9	9	9	9	9	9
2	2	2	2	2	2
6	6	6	6	6	6
180.11	180.47	185.94	187.4	187.57	188.5
172.13	172.33	176.18	177.6	181.41	182.9
1	1	1	1	1	1
12,544	12,544	12,544	12,826	12,826	13,099
199.00	199.00	201.50	201.70	203.92	206.12
12,544	12,544	11,996	12,071	12,208	12,322
2,067	2,067	2,011	2,038	2,044	2,088



Information to Comply with Government Auditing  
Standards and Uniform Guidance  
June 30, 2016

**City of Cedar Falls, Iowa**



CPAs & BUSINESS ADVISORS

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor and  
Members of the City Council  
City of Cedar Falls, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa, (City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 4, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2016, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa  
November 4, 2016



CPAs & BUSINESS ADVISORS

**Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

To the Honorable Mayor and  
Members of the City Council  
City of Cedar Falls, Iowa

**Report on Compliance for Its Major Federal Program**

We have audited the City of Cedar Falls, Iowa's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2016. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance of the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Its Major Federal Program**

In our opinion, the City of Cedar Falls, Iowa, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2016.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 4, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Dubuque, Iowa  
November 4, 2016

City of Cedar Falls, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Community Development Block Grants/Entitlement Grants	14.218		\$ 252,584	\$ 34,004
Passed through Iowa Department of Economic Development				
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRH-207	341,904	-
Passed through City of Waterloo, Iowa				
Home Investment Partnerships Program	14.239	M01DC190206	70,280	-
Section 8 Housing Choice Vouchers	14.871		1,180,513	-
Total U.S. Department of Housing and Urban Development			1,845,281	34,004
<u>U.S. Department of Justice</u>				
Joint Law Enforcement Operations	16.111		5,187	-
Passed through City of Waterloo, Iowa				
Joint Law Enforcement Operations	16.111	1A0070300	9,473	-
			14,660	-
Bulletproof Vest Partnership Program	16.607		2,493	-
Total U.S. Department of Justice			17,153	-
<u>U.S. Department of Transportation</u>				
Passed through Iowa Department of Transportation				
Highway Planning and Construction	20.205	TAP-U-1185 (647)--8I-07	266,303	-
Passed through Iowa Department of Public Safety				
State and Community Highway Safety	20.600	16-402	3,146	-
State and Community Highway Safety	20.600	15-402	1,196	-
			4,342	-
Total U.S. Department of Transportation			270,645	-
Total Federal Financial Assistance			\$ 2,133,079	\$ 34,004

See Notes to Schedule of Expenditures of Federal Awards.

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Cedar Falls, Iowa, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

**Note 2 - Significant Accounting Policies**

Governmental fund types account for the City's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements.

The City has not elected to use the 10% de minimis cost rate.



**Part I: Summary of the Auditor's Results:**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**Part II: Findings Related to the Financial Statements:**

There were no findings to report.

**Part III: Findings and Questioned Costs for Federal Awards:**

There were no findings and questioned costs to report.

**Part IV: Other Findings Related to Required Statutory Reporting:**

- 2016-IA-A Certified Budget** - Disbursements during the year ended June 30, 2016, did not exceed the amount budgeted.
- 2016-IA-B Questionable Expenditures** - We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 2016-IA-C Travel Expense** - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- 2016-IA-D Business Transactions** - No business transactions between the City and City officials or employees were noted.
- 2016-IA-E Bond Coverage** - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- 2016-IA-F Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2016-IA-G Deposits and Investments** - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- 2016-IA-H Revenue Loan** - No instances of non-compliance with the sewer state revolving loan revenue debt provisions were noted.
- 2016-IA-I Annual Urban Renewal Report** - The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.

**Prior Audit Findings Related to the Financial Statements:**

**2015-A      Material Audit Adjustment**

**Status:** The appropriate corrective action was taken.

**Prior Audit Findings and Questioned Costs for Federal Awards:**

There were no prior year federal findings.

